THE Freeman

IDEAS ON LIBERTY

AUGUST 1959

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THE Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

AUGUST 1959 Vol. 9 No. 8

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THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit educational champion of private property, the free market, the profit and loss system, and limited government, founded in 1946, with offices at Irvington-on-Hudson, New York. Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount — $5.00 to $10,000 — as the means of maintaining and extending the Foundation's work.

Accepted as controlled circulation publication at Irvington, N. Y., with additional entry at New York, N. Y. Copyright, 1959, The Foundation for Economic Education, Inc. Printed in U.S.A.

Additional copies, postpaid, to one address: Single copy, 50 cents; 3 for $1.00; 25 or more, 20 cents each.

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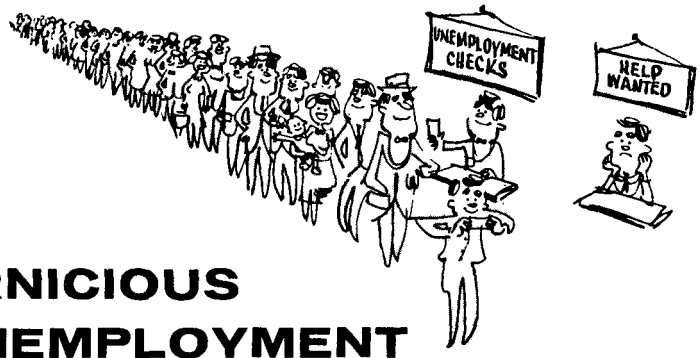

PERNICIOUS UNEMPLOYMENT

FRANK CHODOROV

IT WAS AN "ACCIDENT." The young couple had decided not to start raising a family until they had paid off some of the debts incurred in setting up housekeeping and had acquired other things so much more necessary than children. But nature had decreed otherwise, and the lady was obliged to give up her $70-a-week secretaryship.

The inconvenience was considerable; she would have to forego that spring outfit she had set her heart on, but there were mitigating circumstances. The husband had a good job. In addition, by registering herself as unemployed, she could draw $36.00 a week for 26 weeks at the unemployment "insurance" office (New York State). Considering that she would have no state and federal income, social security, and unemployment taxes to pay, the loss of income would be slight. Indeed, taking into account the saving in carfare and lunches, plus the wear and tear on her clothes, she might be better off.

No, the expectant mother was not destitute. When we read in the papers that some four million Americans are unemployed, the picture in our mind's eye is one of widespread destitution, of what used to be known as "hard times." We equate the word "unemployment" with dire want, of children going hungry, of women making old flour bags do for clothes, and so on. And we lend a ready ear to the heart-wringing speeches of the politician bent on "doing something about it."

Looking Behind the Facts

Let's examine how the government's figures are arrived at and question the facts behind them. How many of the unemployed real-

Mr. Chodorov is well known as a preacher and practitioner of individualism. *The Rise and Fall of Society* (Devin Adair) is his latest book-length treatment of the subject.

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ly want work, work of any kind that may be available? How many are voluntarily unemployed? How many are "in between" jobs, and therefore not available for any other work that may be needed? Are they the only breadwinners in the family, and is their unemployment reflected in a diminished table fare? Did they, during their employment, set up a reserve for just such a contingency? The government's figures do not answer these questions.

Here and there a case of real hardship results from unemployment, and this is to be regretted, of course. Also to be regretted is the fact that the unemployed worker does not add to the nation's fund of wealth. But, on the whole, are conditions quite as bad as the picture often read into the unemployment figures?

Officially "Unemployed"

A person is unemployed, according to the Department of Labor, if during the week of investigation he is laid off temporarily because of bad weather, seasonal changes, illness; also, if he is on strike or otherwise chooses not to work. Any boy or girl over fourteen, and not in school, is unemployed, if so reported, because at that age one automatically becomes a member of the "labor force," according to the Department; for that reason the number of employables increases during the summer vacation and diminishes when school opens.

This is not to find fault with the Department's way of computing its figures on unemployment; they do the best they can with a problem compounded of many variables, not excluding psychology. Obviously, the Department cannot make a nose-count of the nation's unemployed every week but must rely on a sampling process. The unit of computation is derived from the data brought in by interviewers who visit 35,000 selected households and rooming houses, covering 330 sample areas, distributed among 636 counties and independent cities. Every month the sample areas are changed. The data thus obtained is checked against the last census figures, adjusted for what is termed "standard error" and an estimate of seasonal changes in employment. As sampling goes, this can be considered reasonably reliable. It is probably far more reliable than the unemployment figures published by the unions, which are always higher than those of the Department.

However, the basic data for the computation is the information furnished by interviewees. The questions they are asked are standardized and cannot take into account their attitudes. A proud man

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may resent being called unemployed, in the firm belief that his superior abilities will shortly be called for. The confirmed malingerer, on the other hand, will report himself looking for a job while in fact he is thoroughly enjoying his vacation. Another will insist that he is looking for work even though he regularly turns down opportunities which he deems inconsistent with his ability or his station in life, or which pay less than he thinks he is worth; he can wait until the right thing comes along. The interviewers, though they are trained for the job, are unable to prod into such fields, partly because they are confined to the questionnaire and partly because they work on a tight schedule.

An unemployed person, as defined by the Department, is one who "did not work at all (at least fifteen hours) during the week of survey and who was looking for a job." This includes those who are temporarily laid off and are waiting to be recalled, or who are scheduled to report to a new job in thirty days, or who are ill or believe there are no jobs of the kind they are fitted to fill. The phrase "looking for work" is quite indeterminate, depending on the judgment of the interviewee. The definition is perhaps as exact as can be devised, but the point is that those who qualify as unemployed under it are not necessarily destitute or even seriously inconvenienced by their condition.

"Help Wanted" Ads

That the unemployment figures do not mirror a condition of want is emphasized by the number of "help wanted" advertisements that were run during the time the Department was reporting 4.3 million unemployed. On one Sunday during that month (March 1959) the *New York Times* carried fourteen pages (nine columns to the page) of classified "help wanted – male" advertisements, five pages of "help wanted – female." In addition, two full pages were devoted to agency advertisements, and every agency (there were over a hundred of them) was looking for a number of applicants. Almost every kind and degree of skill was in demand: clerks, glass blowers, plumbers, foremen, gardeners, high school graduates, frame makers, life guards, gasket cutters, everything. Eleven additional pages carried display advertisements pleading for applicants who could qualify for scientific and managerial positions.

All this space costs money, a lot of it, and it is obvious that would-be employers would not be spending it if the unemployed were knocking at their doors. And while

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it is true that most of the jobs offered called for some degree of skill, and some knowledge, the fact is that janitors and file clerks are needed where engineers are at work.

In the same issue of the *New York Times*, as against the 32 pages carrying "help wanted" advertisements, only 2 pages were devoted to "situations wanted" notices, and nearly half of these were placed by household workers.

The evidence that unemployment is not the problem it is supposed to be is supported by the newspapers of Detroit, a city held up as a horrible example. On the same Sunday, the Detroit *News* ran 6 pages of "help wanted" as against only 3 columns of "situations wanted" advertisements. The other two Detroit newspapers carried no notices from job-seekers, but did run a full page each of job openings. It would seem from this evidence that the unemployed numbers of the U.A.W. are not too discontented with their condition.

The experience of the householder or small businessman looking for temporary help supports the conclusion that unemployment during the last year was not synonymous with want. Getting someone to help with the chores around the house or store – fixing a drain pipe, cleaning out the attic, putting in a few panes of glass, painting the barn, removing an accumulation of furniture or books, a thousand and one things that have to be done – is next to impossible, even at $2.00 an hour. Evidently the unemployed can afford to be "choosey."

Bailing Out Union Bosses

So, what is the substance behind all this clamor for "relief for the unemployed"? Among the most vociferous clamorers are the labor union leaders, and in their case the purpose is quite clear: handouts to the unemployed both reduce the competitive pressure on their employed members and help to support strikers at the expense of the taxpayers. Unemployment payments constitute a supplementary "war chest" for the unions. With the politician on the make, "relief" is a potent vote-buying device. The idea that tax-reduction would lead to investments and to job opportunities and thus increase purchasing power is a bit too farfetched for his immediate purpose. On the other hand, the socialistic mentality of the union leader cannot embrace the fact that increased wages, without regard for the supply and demand conditions of the market, has the effect of pricing labor out of jobs, of creating unemployment.

To be sure, involuntary unemployment and consequent hardship

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cannot be ruled out of the national picture. The coal miners in West Virginia afford a case in point. The situation here (and in other "distressed areas") is that the consumer refuses to pay the cost of marginal production and has turned to less expensive sources of supply: to cheaper coal, to oil, to natural gas. But "relief" does not solve the situation, and Congress certainly cannot put a nice, new, rich vein of ore into these marginal mines. In former times, when job opportunities became scarce for one reason or another, workers loaded themselves into transatlantic ships or covered wagons and went to where job opportunities were more plentiful; thus, they not only earned for themselves a competence but also built a great nation. Granted that this escape from poverty is difficult, the best that can be done for "depressed areas" is to move the inhabitants, if they are not able to move themselves, to where their skills are in demand. Industrialists would do just that if there were no government unemployment compensation or relief and if the unions permitted it.

Handouts Aggravate the Problem

On the other hand, the schemes being advocated – more handouts for longer periods – cannot solve the problem. They aggravate it (1) by removing the sting from unemployment and helping workers remove themselves from competition, and (2) by increased taxes which add to production costs and diminish job opportunities. Take the case of the expectant mother cited above. Under the present New York state law, when her new-born babe is four or five months old and she is able to arrange for its rearing, she can go back to work for 20 weeks and thus qualify for 26 more weeks of unemployment pay.

Incidentally, she may enjoy her accouchement in Florida if she wishes. Under a reciprocal arrangement, the Florida unemployment office can act as an agent for New Yorkers residing in its territory. The Florida authorities do not bother to offer the New York unemployed job opportunities because Florida employers do not hire them.

One of the bills now before Congress proposes to make unemployment "insurance" available for 39 weeks, in all states, the amount of the handouts to be increased to one-half of the average pay earned by the worker during the three months of the preceding year when he earned the most. Were that enacted, our housewife might be listed as "unemployed" by the Department of Labor most of the year. • • •

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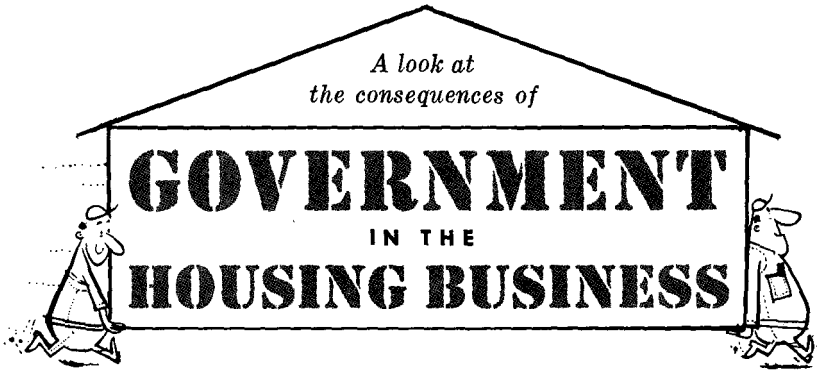

EMERSON P. SCHMIDT

My name is Emerson P. Schmidt, Director of Economic Research of the Chamber of Commerce of the United States. I am here on request to discuss the questions submitted to me by the Subcommittee:

"What are the prospects for an adequate supply of residential construction labor during the period 1961-70? To what extent will the per unit labor costs increase or decrease the per unit cost of housing during the period 1961-70? How should federal programs be supplemented or modified to improve prospects for an adequate supply?"

An unraised question occurred to me: Why has our national government become so deeply and heavily involved in the people's housing? This Subcommittee, the Senate Committee on Banking and Currency, the entire Congress as well as hundreds, perhaps thousands, of witnesses and industry people over the last 25 years have spent an enormous amount of time and energy and money considering and discussing housing, housing legislation, financing, and related problems. Had all this legislative activity not taken place, would our citizens be less well housed today, or would they be better housed? Would unit housing costs be higher or lower?

The answers to these basic questions are not obvious. Yet, to a nonexpert, they would seem to be important.

For example, let us take a look at the accompanying table which may help us to consider one of these basic questions.

The table contrasts nonfarm housing starts in two prosperous years in the mid-1920's and two prosperous years in the mid-1950's. The figures show that 35

This article is condensed from Dr. Schmidt's testimony of May 19, 1959 before the Subcommittee on Housing of the Senate Banking and Currency Committee.

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years ago, without government intervention, we had over 5 new nonfarm housing starts per $1,000,000 of GNP (in constant 1954 prices), as against only about 3 housing starts in the mid-1950's. Housing starts in the mid-1920's per thousand population were moderately higher than in the mid-1950's.

Offhand, this unfavorable showing for the government interventionist period causes one to wonder whether all this congressional concern for housing was justified in the past 20 or 25 years, and whether its continuation in the future is wise.

Whether other comparisons and more refined and more comprehensive analysis would put the government interventionist period in a less unfavorable light would be worth further study. The figures in the table are not submitted to prove any conclusion; but they do suggest, at least superficially, that the Subcommittee members should ask themselves whether the proper next steps should be in the direction of more and more government intervention, or, rather, a move in the opposite direction. If the figures are relevant and reasonably representative, they suggest that this Subcommittee and the Congress have been needlessly worried and concerned with the American people's housing problems. The fact that housing is a basic human need does not necessarily mean that it is a public, rather than private, economic problem. There are other needs just as "basic."

The late, great Professor Joseph P. Schumpeter of Harvard University often observed that America is in danger of being one of the first great modern nations to be socialized because something has happened to our spirit. Alexis de Tocqueville, in 1836, said:

HOUSING STARTS IN THE UNITED STATES

	Without Aid		*With Government Aid*	
	1925	*1926*	*1955*	*1956*
Nonfarm Housing Starts (thousands)	937	849	1,329	1,118
Gross National Product* (billion dollars)	161.8	170.8	392.7	402.2
Population (millions)	115.8	117.4	165.3	168.2
Housing Starts per Million Dollars GNP*	5.79	4.97	3.38	2.78
Housing Starts per Thousand Population	8.09	7.23	8.04	6.65

*Gross National Product adjusted to reflect the same value of the dollar as in 1954.

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"In America . . . the citizen . . . never thinks of soliciting the cooperation of the government; but he publishes his plan, offers to execute it himself, courts the assistance of other individuals, and struggles manfully against all obstacles. Undoubtedly he is often less successful than the State might have been in his position; but in the end, the sum of these private undertakings far exceeds all that the government could effect."

Many of our citizens, it seems, have lost the profound insights of our forebearers and men like de Tocqueville with respect to the great individual and social gains which can come through this individual effort and self-reliance. We seem to have become victims of what has been called "the socialization of the soul."

Perhaps here we have the key to the absence of superior performance in recent decades, even with all our government intervention, as against the performance in our earlier history, for example, in the 1920's mentioned above. Again, I do not want to draw any dogmatic conclusions, but this Subcommittee might think seriously about the kind of society we have and the kind of society we want to build. Where does individual responsibility end? And where should government intervention start? What are the state and local responsibilities, as against the central government's responsibility?

No Shortages in Free Market

The essentially private character of housing as a commodity and the historical record suggest that the questions which the Subcommittee put to me are easily resolved, even though incapable of concrete, quantitative answers.

Even in the first one, "What are the prospects for an adequate supply of residential construction labor during the period 1961-70?" it would seem obvious that if neither labor unions nor government create any roadblocks, labor mobility and individual personal incentives will assure an "adequate" supply of construction labor to meet the bulging requirements of the 1960's. The word "adequate" has little meaning, of course, except in terms of voluntary participation by workers in construction trades and the demand for the services of workers in general in alternative employments.

We might put the matter another way, in the form of a different question: Has any effective demand (desire, coupled with ability and willingness to pay) for any commodity or service ever remained unfulfilled for any extended period because of the scarcity of

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common or skilled labor? Except for very short periods, such as a few days or weeks, it would be difficult to identify any significant consumer demand in peacetime which has ever been left unsatiated because of a scarcity of labor.

Thus, it seems to me that this question enters needlessly into an arena where market forces can be relied upon to furnish the correct answer, provided, of course, no artificial restraints or stimulants are put in the way of these forces. It is the function of the free market, the free price (wage) system, and the self-interest motive to allocate human and other resources in response to free consumer demand.

On the other hand, if artificial forces tend to overstimulate housing starts, when the remainder of the economy is in a buoyant state, an apparent shortage of both labor and materials might occur.

After all, when permitted to do so, the price system does work. In 1934, average hourly earnings in manufacturing were $ .53 and in building construction $ .79, or 50 per cent higher. By 1959, average hourly earnings in manufacturing had reached $2.21, or 417 per cent of the 1934 figure, while average hourly earnings in building construction had reached $3.18, or 403 per cent of the 1934 figure.

No labor leader, no businessman, no labor arbitrator, and no government bureau is wise enough to say what wage rates ought to be. But if permitted to do so, the market will provide the answer. Why have wages in manufacturing gone up slightly faster since 1934 than in building construction (particularly so, since fringe benefits in manufacturing are also larger than in the building trades)? Supply and demand forces unquestionably were at work. Some might argue that even as long ago as 1934, construction labor was too expensive, relatively speaking; although I would have no information to support such a view. But, probably, the rise in construction wages has been retarded, relatively to those in manufacturing, because of substitution effects.

If construction labor is in fact overpriced or deliberate shortages are created by closed unions, unduly high initiation fees, or unnecessarily long apprenticeship training periods, this will raise the price of construction labor in the organized trades. But, if these occupations are relatively more remunerative, additional people will be attracted to the industry in those areas of the economy where this is permitted – that is to say, where the union does not have complete control of job opportunities.

Furthermore, such overpricing

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will put a high premium on prefabrication and the related trends. It seems altogether probable that the on-site labor requirements for residential construction will diminish year by year in the decade ahead. The use of component construction, subassemblies, and modular design will increase greatly. If it should happen that a scarcity of construction labor develops in the decade ahead, these powerful forces will be accelerated, quite probably, to the point where any serious labor scarcity will be fairly promptly overcome. But local bottlenecks for particular skills will continue from time to time, as they have in the past.

Ways To Break Bottlenecks

Even if the labor leaders were so unwise as to put restrictions on the use of labor-saving methods and components, then building materials firms, contractors, and consumers – that is, the house buyers – are not necessarily under permanent restraint; they have ways of getting around this.

By the supply of labor, we, of course, don't merely mean so many bodies. The economic concept of labor supply involves not only the number of human beings, but also their ability, their skill, their work habits, and the number of hours they are willing to work per week. Reductions in the length of the work week or feather-bedding or restrictions on the use of labor-saving devices are ways of effectively reducing the supply of labor. Without government support, unions cannot hold back the tide of progress for long.

Thus, it is likely in some localities and at some times that construction trades may overprice their services and restrict output. There are powerful price and technological forces working in the other direction; so that it would appear to be improbable that we would have any secular deficiency of construction labor supply in the period ahead or that unit housing costs, for identical products, will rise relatively.

Labor *costs*, of course, are not merely a question of hourly wage rates, but also of fringe benefits and of labor input, of productivity. And productivity, of course, is a result of improved tools, management, technology, components, materials, and the like, as well as labor. If wage rates should rise unduly, or restrictive practices – including unduly short work weeks – occur, this will put a very high premium on a massive reduction in on-site labor, and a great increase in the use of components which are factory-made, and will give additional impetus to prefabrication and all the movements in that direction. • • •

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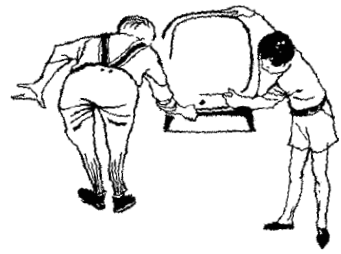
The Great Job-Killer



or—IT COULD HAPPEN HERE

It was a sunny afternoon
At story-telling time.
Old Kaspar clipped a fresh cigar
And poured his rum-and-lime,
While Peterkin and Wilhelmine
Looked at the futurama screen.

They saw a monstrous marble tomb
Beyond a shaded square,
And groups of shabby, pallid men
Who stood in silence there;
While men in sandwich boards rehearsed
A picket line with signs reversed.

"Now tell us what it's all about!"
The little children cried.
"It is the tomb of Gus the Great,"
Old Kaspar soon replied.
"His union members gladly bought
A noble tomb to mark the spot."

"How old was he," asked Wilhelmine,
"And just what made him die?"
"Death came upon him in his prime,"
Said Kaspar with a sigh.
"A hungry worker ran amuck
And pushed him underneath a truck."

"Then why do people call him Great?"
Asked little Peterkin.
"He organized the General Strike;
And when the count was in,
He'd killed more jobs in one short year
Than all the Great Depressions, dear."

H. P. B. JENKINS
Economist at Fayetteville, Arkansas

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Despite all efforts to enforce equality . . .

SOME ANIMALS ARE ALWAYS MORE EQUAL

WILLIAM HENRY CHAMBERLIN

ONE OF THE MOST brilliant satires on communism was written by a British radical author who wrote under the name of George Orwell. It is entitled *Animal Farm* and represents farm animals raising a successful revolt against the tyranny of their owners and setting up an animal agricultural communist state, complete with a declaration of the rights of animals and a revolutionary hymn beginning: "Beasts of England, Beasts of Ireland, Beasts of every land and clime. . . ."

Bit by bit, however, the pigs, the shrewdest and most cunning of the animals, came into control of the situation. Various means were found to punish and liquidate protesters. The original slogan that all animals are equal was modified to read: Some animals are more equal than others. And the disillusioning climax was reached when the "less equal" animals caught sight of the new ruling class, the pigs, comfortably making a deal with the former two-legged "exploiters."

Orwell's fable is an accurate reflection of what has happened in almost all the communist experiments, big and small, of which history has any record.

From early times, individuals have preached equality in material possessions and standards of living; and small groups have, from time to time, tried to practice it. But experience shows that the practice goes against deep-rooted human instincts, except in societies at a very primitive level, where anthropologists find little resistance to common ownership of land and other forms of property.

But as soon as a tribe begins to

Mr. Chamberlin is author of the definitive two-volume history of the Russian Revolution and numerous other books and articles on world affairs.

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emerge from a very simple way of life, improves its methods of cultivation, becomes acquainted with a variety of consumer goods, the instinct for inequality begins to assert itself. Among people who have risen above the primitive tribal state of society, a score of experiments in communal living have failed and broken up for every one that has succeeded.

Religious Motivations

Some of these experiments have claimed a religious sanction, citing the example of some early Christian converts who gave their money to the Apostles and other texts in Scripture condemning the pride and avarice of the rich. As against this, it should be noted that communism was not part of the everyday life of early Christian congregations; Old and New Testaments impartially condemn sin, regardless of the status of the sinner; and Christianity and Judaism, like all great religious faiths, place their emphasis on rules of right living, not on experiments in social and economic change.

The word communism has been associated with the Anabaptists, the extreme political and theological leftwingers of the time of the Reformation, who were repudiated just as vigorously by Lutherans and Calvinists as by the Catholics. Under leaders like Thomas Münzer and John of Leiden, the Anabaptists raised the banner of armed revolt and for some time the German town of Münster was in their possession. Their leader, John of Leiden, practiced community of wives and the whole short-lived episode of Anabaptist rule in Münster found few sympathizers in Germany or in other countries.

There was also a left wing among the British Puritans of the seventeenth century who overthrew the rule of Charles I and followed the lead of Cromwell. Known as Levelers and Diggers (because some of them tried to seize and cultivate unoccupied land), they wanted to push political and religious change into social revolution. But they were put down by Cromwell, and their movement became only a historical memory.

Fourier, Owen, and Others

In the nineteenth century, secular systems of thought began to replace religion as the motivation for communal schemes of living. One of the most ingenious of the early communist thinkers was the Frenchman, François Fourier, who wanted to divide mankind into so-called *phalanges* of about 1,600 persons each, living in common dwellings called phalansteries and cultivating plots of land in common. Marriage was to be abolished

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and replaced by a system of more or less regulated license in the brave new world of Fourier.

Fourier's ideas spread to other countries and influenced an eccentric Russian landowner named Petrashevsky, who went so far as to build a phalanstery for his serfs. They did not take kindly to the idea and burned down the common dwelling at the first opportunity.

Some dreamy New England idealists formed a community at Brook Farm which broke up ultimately because too many of the members wanted to follow literary and artistic pursuits and not enough were willing to do the chores on which the success of the farm depended. A contemporary of Fourier, although a man of quite different background, was Robert Owen, who turned away from a successful career as a mill operator to sponsor cooperative living ventures, of which the town of New Harmony, in Indiana, was one of the best known.

But New Harmony went the way of Brook Farm, and the principle continued to hold true that only groups which were held together by some powerful religious or ethical sanction were able to solve the problem of living together on a basis of substantial equality. Various monastic orders are one example; another was furnished by the *kibbutzim*, the pioneer farm colonies set up by young Zionists in Palestine.

So long as communal experiments were voluntary, there was no reason to object to them. Some of the members of the Brook Farm community later said it had added to their knowledge of human nature; and this was probably true as regards other abortive ventures of this kind.

Equalizing by State Compulsion

A new element was introduced into the situation in the present century, when the whole coercive power of a dictatorial state was set to the task of enforcing equality and forcing people to live according to communist rules, whether they desired to do so or not. And it is interesting and significant to note that, even when this immense coercive power was thrown into the balance, the attempt to enforce anything like approximate equality of living conditions failed completely.

The dull, repressed, instinctive hatred which the many poor and ignorant in Russia felt for the few who were well-to-do and educated was the main dynamic force by means of which Lenin and his associates were able to demolish the existing social order and set up in its place their Soviet Republic, avowedly based on the

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teachings of Karl Marx. The average Russian soldier, worker, or peasant knew little of the fine points of Marxist doctrine.

But the Bolshevik agitators won an immediate response when they told the soldiers, exhausted after three years of unsuccessful war, that if they would only follow Lenin there would be no more war and that they should leave the front, go home to their villages, and pillage the big estates. There was the same response among the workers when they were urged to seize the factories. Just what they would do with them after they seized them was not very clear. But in what conservative Russians often called "the crazy year," 1917, the whole country was in such ferment and upheaval that the most extreme counsels were apt to be followed. And the peasants, the older ones who had remained in the villages or the younger ones who streamed home in disorderly masses from the front, were won over to at least passive acceptance of the new communist-dominated Soviet regime by the authorization from Moscow to divide up the big estates on such a basis that every peasant family would receive a share of land in proportion to the number of its members.

The new Soviet government, during the first few years of its existence, carried out equalization on a scale rarely, if ever, accomplished, certainly not in the life of a large nation. Not only big landowners but medium peasant farmers were expropriated and land was parceled out in minute fragments, depending on the size of the peasant family. Workers were transferred to rich and middle-class apartments. Money rapidly lost all value, and trade relations were put on a basis of requisitioning the peasants' surplus produce, with distribution of what little was produced in the nationalized factories in compensation. Manual workers and children of workers were given legal preference in admission to universities.

The Fate of Russian Peasants

But this early communist strong medicine figuratively, and in many cases literally, killed the patient, the Russian people. The Soviet government, preaching its demagogic war of poor against rich, succeeded (with the aid of many blunders of its opponents) in crushing the various anticommunist movements which led to civil war in many parts of the country; but Russia in 1921 was industrially and agriculturally prostrate. A famine took millions of lives and would have taken millions more if it had not been for the humanitarian effort of Herbert Hoover's American Relief Admin-

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istration, supplemented by other religious and philanthropic agencies. This, together with the revolt of the Kronstadt sailors and other signs of popular discontent, brought about the shift to the so-called New Economic Policy.

In order to revive an economy that was virtually in collapse, Lenin accepted, temporarily, a large injection of capitalist methods. There was freedom for trade and small industry. Money replaced barter. As the country as a whole moved up from the starvation level, a class of speculator-traders – so-called NEPMEN, from the initials of New Economic Policy, NEP – aroused attention by their conspicuous wining and dining.

However, the New Economic Policy was temporary. By 1929, freedom of private trade was virtually at an end. The peasants were being dragooned into collective farms where they lost individual possession of their land and were forced to raise what the State told them to raise, and on the State's terms. Great numbers of city traders and peasants who opposed this new order were sent to slave labor concentration camps.

Inequality Persists

What is truly amazing and deeply significant is that, after all these attempts to employ the power of a ruthless dictatorship to enforce equality, there is more evident material inequality in the Soviet Union today than there is in most noncommunist countries. One by one, the methods by which this material equality was supposed to be implemented have been scrapped. Communists now get the full salary the job may call for. Lenin's idea that the most highly placed communist should receive only a skilled worker's wage has long been placed in the museum of the Revolution. Workers no longer receive preference in admission to universities. The best apartments and country villas, the still few automobiles go to the new well-to-do class that has emerged under Soviet rule: high Party and government officials, industrial managers, scientists, and intellectuals whom the government cherishes for the value of their work, writers and artists who conform to the Communist Party line.

When the industrious reporter, John Gunther, visited Russia in the winter of 1956-57, he found the average worker getting 650 to 800 rubles a month, as compared with the 15,000 rubles for the President of the Academy of Sciences, 8,000 to 12,000 for the rector of an important university, 6,000 for a senior government official, 4,000 for an Army colonel, and the like. This inequality is the more pro-

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nounced because the maximum income tax in the Soviet Union is 13 per cent.

In the first years of the Revolution, when equality was the official ideal, every effort was made to reduce to a minimum differences between officers and privates in the Red Army. The salute was abolished off duty; even the word "officer" was replaced by what was supposed to be the more democratic "commander." Now, differences of rank and status in the Red Army are greater and more harshly enforced than in any democratic army. When American and Soviet soldiers mixed fairly freely immediately after the end of the war in Germany, Soviet privates were amazed to learn that in the American army a private could smoke the same brand of cigarettes as his commanding officer.

The "New Class" in Yugoslavia

Yugoslavia, under the rule of the veteran communist, Marshal Tito, broke off politically from the communist bloc of states in 1948 and has since gone its own way. At the time of the breach, Tito and his followers claimed that Stalin had perverted the teachings of Marx and Lenin, that they were the authentic champions of the communist cause. But here are the impressions of Mr. Victor Meier, experienced correspondent of the highly esteemed Swiss newspaper, *Neue Zuercher Zeitung*, on the occasion of a recent visit to Yugoslavia:

"Listening to the conversation of well-dressed gentlemen everywhere, at airport waiting rooms, on railway sleeping cars, or in the more elegant coffee houses, one might think that Yugoslavia is in the midst of a powerful boom. There is much talk about investments, export and import business, distribution of dividends, trips abroad, new cars and new houses. . . . Of course, most of these gentlemen are party members, but in their eyes now socialism means above all a high standard of living. . . . The Marshal himself sets the example with his personal style of living and everyone seeks to follow him according to his particular possibilities.

"These possibilities remain limited, to be sure, for a large majority of the Yugoslav people."

While members of what Tito's disillusioned former lieutenant, Milovan Djilas, calls "the new class" enjoy an increasingly luxurious style of living, considerable numbers of Yugoslavs continue to flee the country in search of better opportunities elsewhere.

The experience of this revolutionary age has proved conclusively that all the force at the disposal of a modern dictatorship can-

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not make people live on a basis of material equality. Indeed, both in the Soviet Union and in Yugoslavia, the attempt has been abandoned; and flagrant inequality, accentuated by the poverty of the countries, is the rule – not the exception.

Dictatorship Means Unequal Power

What the Founding Fathers of socialism and communism never faced up to is the simple fact that dictatorship, which means inequality of power, will inevitably, under any social and economic system, bring in its wake inequality of wealth and living standards. Some animals will always be "more equal."

The only kind of communal living on a basis of equality that has any prospect of success is the voluntary association of small groups of men and women, usually held together by some strong bond of religious faith or moral conviction.

But the attempt to shoot, starve, and coerce peoples into communism (if one understands by communism equality of living standards) has proved a pitiful failure. Even if some of the pioneer revolutionary communists are idealistic enough to practice self-denial in the seats of power, this psychology will never carry over to a second generation. The human equivalents of the pigs in George Orwell's *Animal Farm* will always get hold of the power machine and see to it that they and the groups whom they favor are considerably "more equal" than the other animals. • • •

IDEAS ON LIBERTY

. . . As If They Were Wiser Than God

"THE EXPERIENCE that was had in this commone course and condition, tried sundrie years, and that amongst godly and sober men, may well evince the vanitie of that conceite of Platos and other ancients, applauded by some of later times; – that the taking away of propertie, and bringing in communitie into a comone wealth, would make them happy and florishing; as if they were wiser than God. For this comunitie (so farr as it was) was found to breed much confusion and discontent, and retard much imployment that would have been to their benefits and comforte."

From GOVERNOR BRADFORD'S account of the failure of the early Plymouth Bay Colony experiment in communal living.

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HE WHO TENDS The TREE

ANN TERRILL

THE PRESERVATION of freedom is a matter of individual responsibility. It consists, basically, of taking one's own destiny in hand, courageously assuming the responsibilities and fortunes thereof. The chances of rewarding achievement from such a course are limited only by the individual's capabilities and efforts. Thus, the climate of freedom, with its economic system of competitive private enterprise, provides the world's most practical and foolproof road to riches. For, "he who tends the tree" does indeed pick the fruit.

The American level of living offers generous proof of this. A fine example of the fruit of extraordinarily industrious "tree tending" covers 200 acres of Southern California farm land and is known simply as Knott's Berry Farm. The world-famous show place is noted for its substantial, but unpretentious chicken dinner; its berry products; and its Ghost Town, the life-sized replica of an old frontier town, which amounts to a well-stocked museum. The farm represents the determined efforts of Walter Knott, a shrewdly ingenious farmer, and his wife, Cordelia, to transform dreams into reality.

In 1920, Orange County, like neighboring Los Angeles County, gave little indication of today's teeming activity. That year, the Knotts took their courage and their cash in hand, signed the lease on a ten-acre plot of barren farm land near Buena Park, and went to work. They were willing to study, endure privation, and labor as many long hours as necessary to achieve their goal: the finest berry farm in California. Knott, son of a Methodist minister, was a farmer at heart, determined to become successful and independent

Ann Terrill is a California housewife.

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in his chosen career. Severe losses suffered in a rugged three-year period of desert homesteading had been recouped with a similarly laborious stint of tenant farming. Indeed, the thrift and resourcefulness of the couple had enabled them to acquire a small nest egg. Using it to finance a berry farm seemed the ideal way out of their financial woods.

On the day Walter and his family drew their venerable, somewhat battered Model T to a halt before their investment, they were broke, but confident. They rented a relic of a house which lacked such conveniences as plumbing. But the monthly rental of seven dollars overrode such considerations. During the next seven years, while they wrestled with everything from bad weather to fluctuating prices, it was home to the Knott family.

Creating a Market

Those first years were marked with financial loss and aching muscles. But the industrious family never gave up. Walter knew the formula for success. It was simple: a bigger, better crop; attractive packaging; competitive pricing; a margin for profit. The trouble came in translating the ideal into practice. It eventually took the concentrated efforts of the entire family to manage it.

Since the most consistent feature of the wholesale market price was its unsteadiness, the Knotts decided to provide their own market. Walter knocked together a berry stand and continued looking for a superior berry with which to beat competition. His search added the Youngberry to the imposing variety of plants the canny farmer had assembled "to provide a berry for every taste."

The Farm came to depend almost entirely on automobile traffic for its trade, the children flagging down customers with large stalks of rhubarb. Everyone who was able worked in the fields and at selling. Today, the original berry stand sits on the grounds of the Farm, put there by the automotive age. But it didn't happen the way Knott expected.

A nearby oil-land boom forced the Knotts into moving or buying. They bought – or rather, obligated themselves to purchase the farm – at boom prices, involving interest equal to twice the amount of rent they had been paying. It was then that Knott erected the farmhouse which he and his wife still occupy. But before their payments began, the crash of 1929 and subsequent depression forced them into additional adjustments.

At a time when relief doles were swelling, businesses were failing, and the cost of berry production

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far exceeded the sales price, Walter and his wife found themselves unable to meet their obligations. All their savings were gone – spent for construction and equipment. Characteristically, the energetic family merely redoubled their efforts. They didn't want charity; nor did they see any reason to accept it. Cordelia began making jam and jellies with the surplus fruit – but no one could afford them. In desperation, she opened a small dining room, serving hot rolls and coffee with her jams. This helped entice her customers into taking some home – but not enough. So she added her now-famous berry pie to the menu.

Meanwhile, in 1932, Walter had tracked down and rescued from oblivion the Boysenberry. He took the original straggly bushes from a clump of weeds where their discouraged developer, Rudolph Boysen, had abandoned them. It took Knott a year to nurse the seedlings back to health and subsequent fame. But in promoting the lush fruit, he climbed out of his debts into a fortune. In 1935, the first root stock went on sale. Poor results from an advertising agency's efforts caused Knott to write his own ads, couched in simple terms and directed to other farmers. The response cleared his stock in record time, and by 1940, the berry was well-established in popularity.

Chicken Dinners Added

By that time, the Knotts also were well-established in the restaurant business. One day in 1934, Cordelia tried a few chicken dinners in her tearoom, hoping thus to increase the family's desperately needed income. The first day, she cooked and sold eight chicken dinners. Within weeks, the tiny dining room was swamped, and from it grew the Knott Chicken Dinner Restaurant. The children waited table, and more help was hired. But the crowds kept pouring in, and the waiting lines of hungry guests grew longer. With reluctance, Walter borrowed money to double the size of the room, thinking to solve the problem. Today, the bewildered but grateful family is still adding on, and still waiting for things to taper off. The familiar lines seem like a permanent fixture though the chicken dinner restaurants now accommodate nearly 1,000 guests at once, and the combined facilities of the Steak House and the Ghost Town Grill can handle almost as many.

From the beginning, Knott had believed that control of both production and marketing facilities would spell success. Delegated responsibility means delegated profits, whether the profit be measured in money or in freedom. In a real way, he was achieving his goal. Not only was he his own producer,

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processor, and supplier; he made his own market, too.

In 1936, some adjoining farm land was purchased, and most of it was planted to berries. But one section presented a problem, involving a large and worthless area of alkaline soil, long used as a dump. Adept at making the most of adversity, Walter Knott couldn't allow such waste to continue. The thoughtful host decided to make of it a pleasant spot for his waiting guests. Today, the dump is a lake, with an island, trees, and grass. The Farm became a show place; and as trade increased, shops and concessions were added, making it a top tourist attraction. Knott anticipated the need for increased parking facilities. So he collected rare, exotic, and unusual specimen trees from around the world and planted them in rows 60 feet apart among the berry plants nearest the restaurant. Today grateful guests park in a 60-acre botanical garden. More than 200 varieties of trees provide a welcome oasis from the California sun.

Ghost Town

Ghost Town had its beginnings in 1940 and is not yet completed. It is a monument to the past, and the Knotts, who come from pioneer stock, have a special love for it. It keeps vivid the memory of tales told by their forebears of bitter hardship, adventure, and courage as they sought "opportunity and not security." Surveying the increasing dependency of the American people on their government, the self-reliant farmer decided to present all comers with an accurate picture of those days – to remind them of their heritage and of their ancestors who "subdued a continent, and without government aid." Each year, something new is added; and although the Knotts never intended the Town to be its present size, the life-sized museum is still growing.

It contains everything from a church to saloons which dispense berry juice; from a little red schoolhouse to a narrow gauge railway; and, of course, Boot Hill. Every feature is authentic in detail, and some, like the schoolhouse and the railway, are genuine antiques in themselves. They constitute a priceless collection of Americana, well worth anyone's time and effort to see. Because Knott feels the past belongs to everyone, he provides free parking and admission to the grounds. All but a few of the exhibits, plus some activities in adjoining areas of the Farm, are free. It is possible to spend the entire day at Knott's with little or no expense.

The Farm, an old-fashioned family-owned enterprise, is run by

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the active participation of all members of the family, including some of the nine Knott grandchildren. Employees are valued friends and recently received $330,000 as their share of the year's profits. It is not unusual to find the cheerful Cordelia pinch-hitting for any one of her workers, called out on an important date. Although the Farm uses over 900 full-time employees, Walter knows most of them by name. There is no labor problem at Knott's, and jobs are coveted.

18,000 Visitors Daily

Some years ago, a suggestion was rejected to cash in on the apparent craze for Mrs. Knott's fried chicken with a chain of chicken dinner restaurants. The family's decision to expand the Farm instead, probably assured its present astounding success, for the unassuming family has touched a deeply responsive chord in the American heart. The powerful magnet, which draws some 18,000 visitors daily, is the atmosphere of the place. Walter Knott has carefully presented an unforgettable taste of the wholesomeness that typifies America at her best. When they leave, guests take with them the nostalgic memory of the golden years as exemplified by solid, unpretentious worth; uncomplicated freedom and the rugged humor, adventure, and pathos that went with it; and Sunday Chicken Dinner. And they return, again and again – from every state in the Union, and from the far corners of the earth. This quiet man, whose love for the past made him spend some 19 years recreating it, has unwittingly cashed in on the urgent hunger of a nation losing touch with itself.

A Small Part in the Creation

Today, at 69, Walter Knott is still planting trees – a park full of them. He recently converted 60 acres of valuable berry fields to the purpose. Eventually, lakes, playgrounds, and, of course, trees, will stand as his gift to the teeming populace which has engulfed the once-rural area. This is the man, an eminently successful one, who declares:

"I have many things to be thankful for. But I believe the one I appreciate the most is that the Creator has trusted me to have a small, small part in the creation."

It is the fashion now to bargain for guaranteed handouts – for the harvest – with no regard for the welfare of the tree itself. But guarantees based on neglect come high. In contrast to this pursuit of security-by-decree, Walter Knott secured his own enviable position. And his attitude makes it clear how he got there.

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He, like his pioneer forefathers, sought, not security, but opportunity; not handouts, but ways in which to render service. Assuredly, his security depended on how well he "tended his trees." But in his industrious hands, it amounted to a gilt-edged guaranty for the future. Admittedly, Knott and his family paid with hard work and diligent adherence to high principles for their success, but these qualities are dividends in themselves. If the achievements of a lifetime dissolved before breakfast, lunch time would find the resourceful clan hard at work, rebuilding things. For the Knotts' best security lies, not in what they own, but in what they are. • • •

IDEAS ON LIBERTY

How To Guarantee a Favorable Balance of Trade

HERE IS AN IDEA that has remained popular in all countries for the past 500 years: The people of a nation are better off when they export more products and services than they import. It is called a "favorable balance of trade" – and it is especially popular in the United States today.

In 1846, the leader of the French free traders, Frederic Bastiat, offered this satire on the "favorable balance of trade" idea:

A merchant shipped $50,000 worth of French goods to New Orleans and sold them for a profit of $17,000. He invested his $67,000 in U.S. cotton and brought it back to France. Thus the customhouse records showed that the French nation had imported more than it exported – an *unfavorable* balance of trade. Very bad.

At a later date, the merchant decided to repeat that personally profitable transaction. But just outside the harbor, his ship was sunk by a storm. Thus the customhouse records showed that the French nation had exported more products than it had imported – a *favorable* balance of trade. Very good.

But since storms at sea are undependable, perhaps the safest governmental policy would be to record the exports at the customhouse and then pitch them in the ocean. In that way, the nation could guarantee itself the profit that results from a favorable balance of trade.

Extracted by Dean Russell from *Oeuvres Completes de Frederic Bastiat*, Vol. IV, Paris: Guillaumin & Co., 1863. pp. 55-56.

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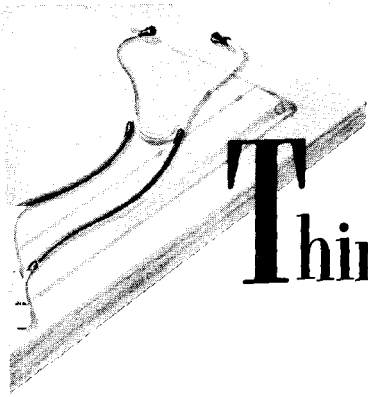

Third Party Medicine

JAMES L. DOENGES, M.D.

NO ETHICAL PHYSICIAN would claim that he healed the patient's wounds or made the patient well. None can do more than assist the natural processes. If the physician were the final authority, every patient would recover quickly and none would die. No physician can fail to realize his personal limitations. He must admit the existence of a Greater Power. No other profession renders services in this intimate area in which the individual faces life and death. This brings the physician into a more intimate relationship with the patient than exists between the same individual and any other professional person. Complete mutual understanding and confidence is essential and seldom exists outside this area of intimate contact.

The best interest of the patient requires that the individual patient-physician relationship be held inviolate in every area. This includes every contact between the patient and his physician, whether it involves the history, examination, and treatment, or the area of compensation for services.

Highest quality medical care cannot exist if the traditional moral and ethical concepts of medical practice are violated. The key to good diagnosis is good, honest, and complete history. The knowledge that information confided to the physician will not be divulged to others permits even the most timid patient to give the most personal, intimate, and confidential information to his physician. Consultants are frequently denied this same information which is freely given to the patient's "own" doctor.

For thousands of years physicians have fought for the right to hold inviolate from all probers and other curious individuals facts elicited in the medical history and examination. These rights of privileged communication, granted and enforced by courts of justice, are essential for successful treatment.

In the final analysis only two

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individuals are involved in medical care; the patient, who has chosen the physician to whom he will entrust his care and actually his life, and his physician, who has freely agreed to provide such care. (Due consideration is given to those individuals for whom another acts "in loco parentis.") No other person, *no* "third party,"[1] is required. When any "third party" enters the picture, he is an intruder and can only reduce the uninhibited rapport and confidence which must exist between patient and physician.

Nongovernmental Bureaucracy

All are acquainted with the numerous difficulties and objections reported regarding the operation of "third party" National Health Insurance schemes, such as the "redtape," the innumerable forms which require more time than the patient receives, the sky-rocketing costs with the associated tax increases, the increasing demands for nonessential services and supplies, the abuses which defy elimination, the ever-increasing waiting lists for hospital admissions, the unreasonable delays in every area, the decreasing hospital services, the dissatisfaction among patients, hospital personnel, and physicians, as well as the wasteful operation and other evils to which every bureaucracy is heir. Bureaucratic systems are not confined to governmental agencies. They can and do exist in most businesses, labor unions, and some medical organizations.

These facts alone provide sufficient concrete reasons why government, and other "third party" "health programs" via "insurance" or "service" plans, historically result in less satisfactory and inferior quality medical care.

Quality of Service Suffers

However, there are other and more important factors which make it impossible for medical care supplied through "third party" programs to equal or even approach the quality of medical care supplied through private practice operating under the market economy.

An essential feature of quality

[1]For the purpose of this discussion, the "third party" is defined as: any individual, agent, or agency, through whose control of persons or control and/or administration of funds belonging to or assignable to the patient (or for his care), occupies a position capable of affecting the patient's choice of a physician to provide medical care for himself and others for whose care he is legally and/or morally responsible, or of affecting the freedom of the unrestricted bilateral patient-physician relationship.

This discussion does not include consideration of those special cases such as individuals in prisons, in military service, and the like, and the very special situation wherein industry is required by law to assume the position of "parent" in cases under workman's compensation laws.

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medical practice is that the patient is and must be regarded as an individual – a moral being. Individuality is the very basis of the practice of medicine. All medical tradition emphasizes the fact that every patient is an individual, that his ills are singular, and that he must be so regarded and treated. Health and disease are strictly personal matters.

Personal responsibility, upon which all freedom depends, is another basic essential in the successful practice of medicine. It applies to the patient as well as to the physician.

The patient's responsibility cannot be eliminated or violated. If he withholds information or misrepresents facts to his physician, he removes one of the basic requirements for good care. He ties the physician's hands. If the physician does not share the confidence of his patient, he cannot treat the patient adequately or properly and his chances of helping are greatly reduced. If the physician disregards the facts, the patient suffers. Medical care is not a mechanical function!

How Choice Is Limited

"Third party" medical care always results in control of the patient and the physician by limiting the free choice of the patient in selecting his physician and by interfering with the individual patient-physician relationship. Physicians are frequently classified, not according to ability, but on an arbitrary and unrealistic basis such as membership in certain organizations or other interesting but relatively unimportant details. Experience, results, ability, confidence of patients, and personal interest are relegated to a minor position. Physicians are rated by "third party" agencies as to the type of practice they may perform and the type of disorder they may treat.

Freedom of choice is further limited because the services which may be rendered by any classification are controlled and regulated by the "third party."

Under "third party" control, physicians are paid according to classification regardless of whether it is on a fee for services, per capita, panel, hourly, or salary basis. All "third party" programs eventually utilize the principle of "fixed fees."

Physicians who participate in such schemes must agree to render totally unknown and unpredictable quantities of service for a predetermined fee. The "taxpayer" is promised by politicians or "third party" officials that physicians will deliver any and all services for a fee set by the "third party." In the final analysis, the "third

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party" always establishes the fee to *its* satisfaction! This procedure inevitably and obviously places the emphasis on the quantity of medical care and relegates quality to a position of secondary importance.

No One Is Responsible

Under any system of "third party" medical programs the patient must accept the "third party" into the patient-physician relationship in every area, not in the area of fees alone.

The physician is required to accept the "third party" by reporting or certifying illness to someone other than the patient himself. This begins the deterioration of and destruction of the confidential nature of the patient-physician relationship.

The patient feels justified in relinquishing his responsibility in return for the "third party's" payment of fees. The physician also begins to look to the "third party" in this area of responsibility and justifies his attitude by the requirement of supplying the "third party" with information. The physician even begins to hold the "third party" responsible for what he regards as the "proper" use of the funds removed from the patient not infrequently by force, by dues, royalties, taxes, or other means.

These practices encourage the patient to divorce himself from his sense of personal responsibility to his physician in the area of fees. Having accepted the idea that someone else may rightly assume his responsibility, it becomes a matter of indifference to the patient, and eventually to the physician, who assumes this responsibility.

At the point where the physician accepts such an agreement, he joins his patient in flight from personal responsibility and accepts the idea that a "third party" is responsible for the payment of the patient's bills, and in so doing, grants to the "third party" the right to establish his fees and the category in which he may function.

Destroying the Market Economy

The attempt to establish "third party" medical programs is a definite attempt to destroy the market economy.

Any argument in favor of "third party" medical programs may be used, by changing a few words, with equal validity to promote "third party" control of every other profession; every other need and desire; in short, of every segment of the economy.

Highest quality medical care cannot survive under any system in which there is "third party" interference. This has been and will

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be true, always, regardless of the promises of politicians or businessmen, the misrepresentations of labor union leaders, or the compromises of some in the medical profession.

Remember one thing: *Only doctors can deliver medical services. Only individuals trained and experienced in the healing arts can fill the medical needs of the people of this nation.*

Our obligation and responsibility is to the individual patient. All agreements must be with each individual patient!

We should never refuse to deliver services to our patients but those services should be delivered to individuals as our own private patients, not as wards of the government, a union, any insurance company, or any other "third party." • • •

IDEAS ON LIBERTY

Socialized Medicine

SOME SCHEME of compulsory sickness insurance [on the German pattern] exists in every European country except Switzerland where the government subsidizes the medical cooperatives. The costs are rising relentlessly, but nowhere as fast as in Britain. And nowhere was the insurance principle so completely perverted into a communistic practice as in Britain.

Aneurin Bevan launched in 1948 the new health service that was to provide care in accordance with Lenin's rule: Everything free of charge to everyone irrespective of means. The Bolshevists never put the idea really into operation; the British are finding out that they have caught the proverbial bear by the tail.

The experiment turned out to be much too expensive. The demand responded to zero price. In nine years, British retail prices increased by about 40 per cent, the cost of governmental doctoring more than trebled. It amounts to more than 10 per cent of the overinflated national budget, not counting the cash payments by the "insured" or the municipal contributions.

What the zealous socialist could not foresee did happen: Something for nothing is extremely popular. Virtually the whole population, millionaires and foreign visitors included, signed up. Aspirin was distributed "by the ton," enhancing the Treasury's headaches.

To 40 million people of England and Wales alone, 609 million prescriptions, 19½ million pairs of glasses, 7 million dentures, 700,000 appliances of "main types," and 130,000 hearing aids were dispensed in less than three years.

The only check on the demand was the fact that the supplies ran out.

MELCHIOR PALYI
Nationalizations—Ten Years Later

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Nervousness

LEONARD E. READ

ONE FACT stands out like a sore thumb: More and more Americans are becoming nervous about inflation. Even those most responsible for it are frightened about its evil effects and in their befuddled desperation look for a cure in measures such as wage and price controls. These nervous people, in turn, make others nervous by calling attention to the declining buying power of the dollar whether in pay envelopes or in savings or in insurance or in pensions.

This increasing nervousness is all to the good as a necessary preface to corrective steps. Lethargy will get us nowhere! Nonetheless, much of the current fretting is of the naive variety – something like a corpulent man worrying about his obesity as he indulges in fats, starches, and double bourbons, unable to think of any remedy except a bellyband.

Naivete, however, is not confined to those with price control or bellyband solutions. A constructive approach to the inflationary situation often is lacking even among those few who understand the truth that inflation is an increase in the supply of money, that this increase stems from costs of government so high that it is politically impossible to defray them by direct tax levies, and that these excessive costs result when government oversteps its proper bounds. These persons know full well that inflation springs from our descent into socialism, when government assumes responsibility for the control of creative and productive activities and for the welfare and prosperity of the people. They know that there is no remedy for inflation except as the costs and thus the activities of government are drastically reduced. And they most logically conclude: *All nonessential costs of government must*

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be eliminated.[1] So far so good. But, unless these excellent economic thinkers go beyond this point in their dislike of inflation, they will shed no light on how to cope with it, nor will they generate any disagreement. If they go no further than this, they will remain mere shadowboxers – going through all the motions of fighting but never hitting the inflationary ogre a damaging lick and thus taking no chances of retaliatory blows, a risk implicit in fighting.[2] For, is not everyone in favor of doing away with "nonessential" expenditures, even the socialists?

Enlightened thinking calls for more than the mere demand to eliminate the nonessential; it requires spelling out what is meant by "essential." For, until "essential" is specifically defined, the label will mean whatever any person conceives it to be. Everything in the current socialistic portfolio is regarded "essential" by someone. Unless "essential" is objectively defined, all efforts to halt the inflationary trend will prove futile. To stop with a demand for the elimination of nonessential activities will prove as useless as getting all voters to raise their right hands and swear their opposition to sin, without first securing some agreement as to what constitutes sin.

A Loaded Question

Many articulate opponents of overextended government (socialism) have come a cropper when asked, "Well, just what activities of government would you eliminate?" Here they find themselves hopelessly lost as effective fighters against inflation. To answer the question in specific terms as asked

[1]Profligate spending on the part of state and local governments originally was of state and local concern only. State and local bankruptcy, harassment of state and local taxpayers and losses to state and local bondholders were the consequences of state and local profligacy. No inflation was induced by their waste, for the federal government, not the states and localities, had charge of the money supply. Furthermore, state and local taxpayers and bondholders acted as stern disciplinarians against waste. Now, unfortunately, the state and local-federal relationship is radically altered. State and local governments have become, by and large, the fiscal wards of the federal apparatus. Let any one of them go fiscally berserk and their Great White Father stands ever ready and willing, even eager, to "bail them out." Thus, today any profligacy on the part of state and local governments contributes as directly to inflation as do federal excesses. Be it added that the point where inflation is resorted to as a means of meeting the expenses of government is the point at which government can be adjudged bankrupt in the real, if not the legal, sense of that term!

[2]It is shadowboxing merely to talk against inflation in general terms. But the ideological fight is on if one elects to be specific, like openly acknowledging an opposition to government "urban renewal" or federal aid to the hospital in one's home town or whatever.

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is to invite failure, censure, even invective.

The question is loaded. No one can make a convincing answer, and the reason is obvious: If one were to consider the pruning of federal expense at the rate of $1,000,000 per hour (most of us do not deal with this much money in a lifetime), the task could not be completed until after 2000 A.D. With this out of the way, there would still remain the activities of 120,000 lesser units of government to consider. To attempt an answer to the question as usually asked is to trap oneself in hopeless detail. No one could or would await the answer.

"What activities would you eliminate?" is a trick question, though not always asked with tricky intentions. Sincere individuals pick it up and use it as earnestly as most clichés are picked up and used. To the earnest inquirers we can simply suggest that the question be reframed: *What are the proper functions of government?* or *What would you have government do?* or *What is essential?* This would be my answer:

Government should defend the life and property of all citizens equally; protect all willing exchange and restrain all unwilling exchange; suppress and penalize all fraud, all misrepresentation, all violence, all predatory practices; invoke a common justice under written law; and keep the records incidental to these functions. Government's function is first to codify and then to inhibit all destructive actions while leaving all creative and productive actions – including welfare, charity, and prosperity – to citizens acting voluntarily, privately, cooperatively, or competitively as they freely choose.

Why not face the stubborn fact? There is no halting inflation and the eventual destruction of the American economy except as government be returned to its limited, essential, and proper functions, permitting individuals to practice the principles of private property and free exchange.

Protests Examined

Let us now consider some of the rejoinders this position will evoke.

1. THERE ARE NOT ENOUGH STUDENTS OF LIBERTY TO MAKE SUCH A COURSE OF ACTION PRACTICABLE.

Agreed. *But this is precisely the inflation problem.* Expecting to halt inflation in a society of state interventionists is as naive as hoping to restore individual freedom of choice in a society of communists. *Inflation is the fiscal concomitant of the Welfare State for which there is no antidote ex-*

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cept the altering of the beliefs which underlie such a State. In blunt terms, the only remedy for inflation is an emergence of libertarianism. Efforts which make no contribution to this end are not anti-inflationary.

2. BUT, THERE WOULD BE NO INFLATION IF BUDGETS WERE BALANCED. SOCIALISTS, CONCEIVABLY, COULD BALANCE BUDGETS.

True, there need be no inflation with balanced budgets. However, there are only two ways to balance a budget. The first is to reduce expenditures to the level of tax revenue. Socialists or interventionists cannot do this without reducing the activities of government, in which case they must head in the libertarian direction and, thus, become less socialistic. The second is to increase tax revenue to the level of present expenditures. This is not even good theory for it is politically impossible to impose direct levies beyond a certain point. History reveals that governments, in most instances, begin increasing the volume of money (inflation) when the "take" of earned income reaches the 20-25 per cent level. Socialistic politicians who get into office by promising something for nothing can hardly be expected to recommend increased direct levies to meet excessively high expenditures. Part of their game is to create the illusion that their "benefits" are without cost.

The interest of libertarian students goes beyond a mere balanced budget. They are interested in balancing the budget at a point of expenditure that provides nothing at all for government ownership and/or control of creative and productive activities or for assuming the responsibility for the welfare and prosperity of the people. They would leave these expenditures to the free choice of the persons whose incomes are involved.

3. GOVERNMENT CANNOT BE LIMITED ACCORDING TO AMERICA'S ORIGINAL DESIGN. THE MORE COMPLEX THE SOCIETY, THE BIGGER GOVERNMENT MUST BE.

This is a common notion, at once clever, plausible, and misleading. Government is organized police force, that and nothing else. It is an inhibitive, not a creative, force. It has no logical application except against clearly defined destructive action: fraud, violence, misrepresentation, predation, and the like. The absurdity of the police force attempting to induce creative action in even one person is apparent. Am I to compel or govern you in what you create, discover, produce, what and with whom you shall exchange, the wage you shall receive, the hours you work, the thoughts you are to entertain?

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You will agree to my incompetency in these realms even if I be as "all-wise" as the smartest political leader. Now, how would you appraise my ability to compel 177,000,000 people in these respects, where the society is as complex as ours? The answer is self-evident. Government has no justification for growth except as violence and plunder are on the increase.

4. WAGE AND PRICE CONTROLS ARE ANTI-INFLATIONARY.

This erroneous belief assumes that inflation is a rise in prices, whereas inflation is really an increase in money volume. Price rises are one of the several consequences of inflation. Wage and price controls are designed to hide the effect; they do not and cannot repair the cause and in no sense are they anti-inflationary. A free market price truthfully reflects supply-demand relationships; legalized floors under or ceilings over prices only falsify the picture. The heat in a room is not altered by restricting the movement of the mercury in the thermometer nor is the ostrich in less danger because he has his head in the sand. Wage and price controls are political jobbery, nothing more.[3]

5. YOU CONCEDE THAT AN ESSENTIAL FUNCTION OF GOVERNMENT IS DEFENSE AGAINST VIOLENCE. WITH THE INTERNATIONAL SCENE AS IT IS, WE CANNOT REDUCE THE COSTS OF DEFENSE. THEREFORE, WITH THESE COSTS AT THEIR PRESENT MAGNITUDE, HOW CAN INFLATION BE AVOIDED?

Yes, an essential function of government is military defense. Presently, these costs are above $40,000,000,000 annually, more than half of the total federal budget.

The federal budget today is higher than during World War II, and today's defense item alone is 55 times as large as the total federal budget in 1913!

In terms of political reality, it is probably correct to assume a continuing inflation with defense expenditures at their present level. Yet, to criticize these expenditures is to invite severe censure. They have acquired sanctity. Any item that can be crowded into the defense budget, regardless of how farfetched, is automatically above question.

Many conservatives, economizers, and budget balancers face a distressing dilemma. They are certain that the present level of expenditures, if long maintained, will lead inevitably to the wrecking of the economy. And, they feel equally

[3]For an incisive discussion of this problem, refer to F. A. Harper's "Can Wage and Price Controls Cure Inflation?" page 46, *The Freeman*, July 1959.

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certain that the world, including the U.S.A., will be overrun by the Moscow Apparatus unless the American government goes all out in expenditures for defense and foreign aid. In their view, we are doomed if we do and doomed if we don't.

There must be, indeed there is, something wrong with this view. Yet, there is grave doubt that anything can be accomplished by my calling attention to specific items in the defense budget that are wasteful. Suggesting a halt to orbiting the heavens would meet with the same scornful reception as arguing that soldiers should not have food. For, the critics would ask, "What qualifications have you to pose as an authority?" The question, of course, is a good one in spite of the fact that I have as much confidence in my own judgment on matters defensive as I have in the judgments of the bureaucratic hordes who are deciding how our money shall be spent to defend us.

Somehow, this situation calls to mind a few lines of Tennyson:

"Some one had blunder'd:
Theirs not to make reply,
Theirs not to reason why,
Theirs but to do and die..."

We must not, however, let it be recorded of us, "Into the mouth of hell rode the six hundred."

It is becoming increasingly apparent that we cannot *fight* our way out of this "defense" dilemma, either with the Russians or with that majority of Americans who have been thrown into consternation by the Russians. Our only escape, in either instance, is *to think our way out.*

The fact that the Russians are our current hate has little to do with the problem. As a people, they are just as praiseworthy as our best friends, the British, the Japanese, the Germans, the Spaniards, the Italians, and others who on earlier occasions have been the objects of our hatred.

Why the Worst Get on Top

To understand the Russian situation, we must know why men with criminal mentalities rise to positions of political leadership. We must know that this is the inevitable consequence of socialism. State socialism is based upon force. Dissenters cannot be brooked. Gunplay eventually becomes necessary. Socialistic theoreticians are not up to this. Only those with no scruples can fill the bill. F. A. Hayek in *The Road to Serfdom* explains the whole process with admirable clarity in Chapter X entitled "Why the Worst Get on Top."[4]

Once we understand why the

[4]Hayek, Friedrich A. *The Road to Serfdom.* Chicago, Illinois: The University of Chicago Press, 1944. pp. 134-152.

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Russian situation is as it is, we can begin to see why our own situation is as it is. For, we are not without socialism. Measuring socialism by government's "take" of earned income, we find that figure now at about 35 per cent. Only thirty years ago the Russian figure was at 29 per cent.

While it is true that the criminal element has not significantly risen to the political top in the U.S.A., the situation is ripe for just such a *coup d'etat*. It is always a danger where the power to control creative and productive action exists. Need we seek more evidence than that which is daily presented by many of our own labor unions?

True, the criminal element has not as yet risen to the top in our government. Yet, government power is highly excessive and for this very reason a political mentality emerges to match it. Well-intentioned men unintentionally acquire it. Those who accept such power cannot help acting in a manner consonant with that power.

We have here, it seems, the explanation for the currently popular belief that there is no defense against the striking power of the Russian hierarchy except a similar but stronger striking power of our own. Popular reasoning, in essence, concludes that there is no defense against Russian H-bombs except more and more American H-bombs. Under the circumstances, the Russians need do no more than put a missile into orbit to engage us in a program of out-doing them in orbital extravaganzas. "Psychological advantage" is the official excuse, but it is not a valid explanation.

Dancing to the Russian Tune

Quite obviously, the Russians can, by their "egging-on" tactics, cause us to destroy our own economy. For we consistently fiddle to the tune they call. And the tune they call causes us to remove freedom of choice from the individual and repose it in the State, as in Russia. It causes us to inflate and thus to weaken our medium of exchange which, if not sound, makes a highly specialized exchange economy as impossible here as in Russia. The tune they call is leading us to reduce ourselves to their economic, social, moral, and political level. If we continue, they will not need to take over; we will deliver ourselves to them.

The real reason for this state of affairs is an interventionist mentality on the part of too many "free enterprise" Americans, following the kind of leadership these circumstances produce. It is useless to point out to these individuals – indeed to anyone who be-

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lieves in state power as a means to creative and productive ends –particular items in defense expenditures which might be eliminated. Persons committed to armed power as the way to peace will regard any diminution in armed power as a "sell-out" of American security.

No person can visualize peaceful ways to unseat Russian armed force until he comes to understand and deeply believe in the miracles wrought by free men – men acting in willing exchange; men free to create, produce, travel; men who are allowed the fruits of their own labor; men who clearly grasp the limited and wholly negative usefulness of formal government; men whose faith rests on the moral and spiritual principles on which such institutions are based.

Second Blow Starts Fight

Only the person who has mastered the freedom philosophy will understand that the bad men who are topside in Russia today are held there by the very tensions we ourselves provide; that were we to relax these tensions freedom-loving Russians would then have a chance to conduct their own unseating revolution; that they would do from within that which we cannot do from without except at grave risk of our own destruction. Only a person who has an innate faith in freedom will ever appreciate the truth of an old Arab maxim: "He who strikes the second blow starts the fight."

Those of us who would halt inflation and put an end to a cold war that is now costing more than any hot war ever fought in all history are wasting our time by arguing the details with interventionists or by campaigning among them for economy. It is as futile as trying to convince cats not to kill birds. The futility of selling an interventionist that he should stand against interventionism while he remains an interventionist is obvious.

The only hope we have of successfully combating inflation or war is a growing understanding of, belief in, and open and honest espousal of the libertarian philosophy. The way to do this is crystal clear: *Self-mastery of the freedom philosophy and an exemplary living of it.* Not only is this the right method; it is the fastest method there is. • • •

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ROBERT LEFEVRE

STEPS to Learning

THE PROBLEM of education these days has become insensibly involved with the problem of finding money. Essentially, these are two different problems.

But because, in the past 200 years or more in this country, we have made money-raising and education a wedded couple, it appears most difficult to talk at all about education as a thing separate and distinct from the problems involved in paying for it.

Whenever we begin talking about education as a device for imparting the wisdom of our great minds to younger generations, we are challenged at once: "Yes, but how are you going to pay for it?"

This time we are going to give a very short answer to this question and move on to the subject of education, itself. We will reply that education should be paid for by those who receive the education or by those who are responsible for the ones to be educated. Additionally, education could be (and is) supported voluntarily by those persons of means who wish to put their money to work in this avenue. This would entail the placing of education in the free (and unsubsidized – by compulsive means) market, so that those to be educated become customers in the freest and most noble usage of the word.

But what of education itself? What should it properly be like?

To us, education means a drawing out of the student his innermost reality. The competent educator or teacher would concentrate upon the task of reaching the student and in inspiring him with a thirst for truth. A rapport must be reached in which the student recognizes that the instructor is not the fount of wisdom, but rather the bed of a stream, down which the rivers of knowledge may

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flow if the student expends his own energy. All teachers are nothing but older and more experienced students.

Once this rapport has been reached, certain fundamental facts, the tools of further learning, must be acquired by the student. Without these tools in his hands, the student can learn little.

Moral Absolutes

The first of these tools is a recognition of certain basic principles of life which are self-apparent, coexistent with life itself, and moral in an absolute sense. Even the additional tools of mathematics, reading, writing, spelling, are of less magnitude than a firm grasp of moral certainty. For it should be understood that even the primary subjects are useful and worthy *only* when they are comprehended within a moral framework. Mathematics relates to truth and truth is always moral. It is morally as well as arithmetically sound to insist that two and two add up to four. To learn to read is not enough. The student must also have moral judgment as to *what* should be read. To write and to spell are not enough. One must have a moral background in order to know what to write about. And spelling is merely another step in honesty and truth. Words should be presented as they are with full recognition of their growth, application, and meaning. Honesty and truth are impossible otherwise.

Once these basic steps have been taken, the student is not educated. Rather, he has reached the state in his acquired skills that a mechanic has reached when he has mastered the use of wrench, hammer, pliers, levers, screws, and drills. He understands his tools. He is now ready to employ them.

Employment for the student begins by the application of his tools to the accumulated wisdom of the past in any and every field. History, science, literature, the arts, all relate to past achievements. The student takes his tools, first his moral certainty, then his skill with figures, words, and thoughts, and conducts an exploration, adding to his store of information the great thoughts, the noble actions, the inspiring record of others who have gone before.

Learn by Working

Finally, as a master mechanic in the realm of knowledge, the student is ready to begin his education. Having learned the basic things; having acquired judgment and a sense of logic; having scaled the peaks of greatness found in his precursors, he is ready to learn. He learns by putting himself to work, totally.

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The educated man is the man who is most capable and most skillful in doing work.

Whatever his line of endeavor, that strange and elusive essence which is the individual, can at this juncture truly expend itself. He is no longer a sponge, soaking up the experiences and knowledge of others. He becomes, himself, a unique contributor to the human scene regardless of his bent. Yet, at the same time, he is a more receptive instrument than ever before. The habits of retention are retained and at the same time converted into avenues of expression.

Education never ceases. This is true because no man is ever fully educated nor fully at the point where he no longer has to expend his energies. To stop being educated is to stop living. And no one will ever know the degree or extent of man's capabilities in respect to living and learning. • • •

IDEAS ON LIBERTY

First Things First

MORE AND MORE PEOPLE—and with every reason—have come to believe that one trouble with this country's educational systems is that too much money is spent on unnecessary luxuries and frills, at the expense of educational necessities.

In the light of this, something that happened a short time ago at Portland State College in Portland, Oregon, has much more than local significance.

It was proposed that certain additions be made to the College Center—among them a bowling alley and a barber shop. But the students' own College Center Board voted the plan down, by a 4-to-1 majority.

In part, the Board's resolution read: "Facilities for student entertainment and personal services are in abundance in the Portland Metropolitan Area, thereby making it unnecessary and even wasteful for large amounts of state and student funds to be spent in these areas of the college. . . . The students of Portland State are more interested in education than in services."

Community after community, the small as well as the large, have gone overboard in building almost unbelievably expensive plants. The primary educational need is to allocate as much of the available money as possible to purposes where it will honestly serve true educational ends—such as salary structures that will make teaching more attractive to competent and ambitious people.

From *Industrial News Review* by E. Hofer & Sons, Portland, Oregon

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A minister examines the question:

Was Karl Marx Right?

FRANCIS E. MAHAFFY

IN ALL the history of mankind few individuals have had as widespread influence as has Karl Marx. Recently I talked to a school boy in Africa who knew nothing of economics, but he had been taught and firmly believed that Karl Marx was one of the very greatest of all men. Half the world is under the domination of governments that profess to be founded upon principles he taught. Even in our own land multitudes of intellectuals openly or secretly support the philosophy he promulgated. A large group within the Christian Church advocates adoption of the basic principles which he expounded. Huge labor organizations press continually for the advance of socialism. Legislators join hands with labor, business, and religious groups to put into effect his basic principles. Even among evangelical Christians many seek a furthering of his views. Some, while opposed to his system, seek a system which at best is a compromise with it. Others who oppose communism and its principles fail to understand the basic error of Marxianism and while they oppose it in fact, have failed to get at the root of the problem.

Karl Marx himself professed to hate religion, to be the enemy of Christianity. He described religion as the "opium of the people." Yet, in spite of this fact, actually he became the founder and head of a great religion. Marx's materialistic, evolutionary socialism in which socialism is conceived of as the natural result of an evolutionary process, preceded by the collapse of capitalism brought about by its own inherent weaknesses, was soon to be replaced in the system of his followers by a view that chose socialism as an ethical imperative. The views of Marx and his followers have been accepted with religious fervor by multitudes. Marx has been looked upon as a savior by masses of people. His followers often become the most fanatic zealots in advancing his ideals. Like the Moslems in their holy wars, the followers of

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Marx often seem eager to give their lives to defend and to promote this new religion. Even those who reject his evolutionary and atheistic materialism accept as valid the ethical socialism of his followers.

The Christian Church has been all too remiss in meeting the attacks of this new and vast enemy of Christianity. The Church by and large has failed to recognize the true nature of socialism-communism and thus has refused to attack its basic ideas. Some have felt the discussion lay in the realm of politics and economics which is not the work of the Church. Since the sphere of the Church's work is that of the spirit, she has excused herself from meeting Marx's attacks at the very roots of her faith. Others, denying the validity of Marx's atheistic materialism and failing to see that this is the foundation of his system, have felt that much of his teachings could be fitted into a Christian framework. Hence, we find Marxianism actually penetrating the teachings of many churches, Christian institutions of education, and many other religious organizations.

However, the fact is that if the basic principles of Karl Marx are correct, the foundation of our faith has been destroyed. If they are wrong, the Church ought to be willing and able to show where they are wrong. There are two ways of showing the falsity of the basic principles of socialism. First, for the Christian, appeal may be made to the Bible.

Another method of attacking Marxianism is to show the inconsistency of his views. For if it can be demonstrated that Karl Marx's attack on Christianity is an invalid one, and his own basic principles wrong and his system inconsistently built upon them, his whole system will fall to pieces. In the brief compass of this article we shall consider something of socialism's antagonism to Scriptures as well as something of the error in its basic premises.

The Question of "Unearned Income"

At the very heart of the socialistic teaching is the denial of the right to interest, rent, or profits, or to what Marx terms "unearned income." This is the basic moral precept of socialism and one that has been accepted as valid not only by the socialist-communists, but also by many theologians and Christians who profess to oppose communism. Inherent in this denial of the right to profits is the denial of the right to private property. For if in reality a man owns land, money, or a factory, the returns from its use are also his own rightful property. There can be no ownership without the right to use

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the possession as the owner sees fit, except, of course, to harm others.

So Marx and his followers deny the right to private ownership of property. Instead, he says there should be only public or communal ownership of property. Capitalism, he contends, with its belief in private property and the resulting profits, rents, and interest from this ownership is unjust and an exploitation. The whole system of socialism-communism hinges on this basic principle of the denial of the right to private property. Karl Marx and the socialists contend that society must own all property and use it for the benefit of all. They wish to do away with private property and the exploitation and injustice that result from its use for profits. The profits from land, factories, and business generally ought to go to society and not to the private owner of the means of production. These profits, Marx contends, are a result of seizing the "surplus value" of the laborer.

"Justice for the Masses"

Many Christians naively accept as right this foundation principle of Marxianism. Are we not all created equal before God? they say. They speak of "justice for the masses" by which they mean that profits ought to be distributed more equally to the masses. They question the morality (though but few personally are willing to carry out their own principles in this respect) of some people enjoying luxuries while others starve for want of the necessities of life. Did not Christ, they argue, speak many words of warning to the rich in this world and even say that few such would enter the kingdom of heaven? Ought not a Christian to "love his neighbor" and to "bear one another's burdens" and so fulfill the law of Christ? Is not a communal ownership of goods a more just and Christian method of distribution of the wealth of God's world? Did not even the early Christians practice a communal ownership of goods?

An eminent contemporary theologian, Emil Brunner, speaks of capitalism as "unrestrained, unlimited individualism." "Capitalism is a Moloch which swallows up mankind. It pushes the doctrine of individual freedom to the destruction of justice for the masses." He also says, "Individualism is the philosophy that every man is responsible to himself alone for how he lives and uses his freedom. Individualism in the family spells divorce and juvenile delinquency; in economics, laissez-faire capitalism; in the state, anarchy." "The total state is the product of and reaction against the anarchy of

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radical liberalism. Both deny the authority of God and despise his ordinances."[1]

But capitalism cannot be debunked merely by the use of derogatory adjectives nor socialism established by words of praise in its favor. The Bible must furnish the answer for the Christian. Here the answer is unmistaken. The whole Bible assumes the right to private property. The eighth commandment, "Thou shalt not steal," has no meaning except on the assumption of the right to the private ownership of property. In fact, the Ten Commandments provide the norm for Christian conduct, and they require basically that in our relationship with other men we be free except to do evil to or to harm others. Christ in his parable of the pounds approved of interest and its prerequisite, private property. The parable of the laborers in the field also shows the right of the employer to pay according to the contract freely entered into. The Biblical injunction to charity, generosity, stewardship, demands the private ownership of property. There cannot be the least doubt but what private property is approved by divine revelation. For the Christian this ought to be sufficient. No further argument should be necessary. This, of course, is not to say that what God has said is opposed to logic and sound principles. Because this world is controlled by God, its Creator, there is a perfect consistency in all of his laws and dealings with men. The results of science that is founded on correct basic principles must coincide with the revealed will of God who made and ordered all things. The Christian position is the only truly rational one.

It can be clearly demonstrated (see the book by the eminent economist, Ludwig von Mises, entitled *Socialism,* for what is perhaps the best refutation of socialism) that socialism must on the basis of its own principles fail to produce the results claimed for it. In fact, it can result only in chaos.

Society Exists Through Individuals

Socialists say that the means of production ought to be owned by the society. Society, of course, can do nothing except through its arm, the State. But from where does society obtain this right? The only concrete society that exists or may exist must consist of a collection of individuals united for a particular purpose or purposes. Hence, it can possess no authority that has not been derived from the individuals in that society. Society cannot exist without the prior ex-

[1]Quoted from "Emil Brunner's Social Ethics" by Paul K. Jewett in Nov. 1957 issue of *His* magazine, pp. 43-44.

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istence of the individuals. The authority of a society through its organ, the State, hence can be nothing more than a derived authority. The whole cannot be greater than the sum of its parts. The State can have no authority or power that it has not first received from the individuals composing that society. This is a basic fact entirely overlooked by Karl Marx and the socialists.

Modern socialism has gained popularity not because of any rational demonstration of the prior right of society over the individual but because it claims to offer a greater gain to the individual or at least to a majority of the individuals in that society. It is because of its claim that the laborer as an individual fails to get his "just" share of the wealth and that others who do not work take this share from him that socialism appeals to the masses. It makes its appeal to individuals on the basis of "rights" of which they are being deprived, and yet according to its precepts denies any basic right to the individual and grants it only to society.

Socialism can never be effected without taking from the individuals that which is theirs and giving it to society or rather to the State. But the very fact that the State takes wealth amassed by individuals and then redistributes it to individuals (on the basis of some principle of justice never explained in detail) is a recognition of the prior right of the individual over society. Society itself cannot produce or consume goods except as the individuals in that society produce and consume. Anything it takes to redistribute or any activity in production that it controls must thus be original with the individual and not with society.

In a free society the individual may turn over the power of the sword, the police power, to the State in order that individually he may not have to deal with the problem of defense from violence. But even this power of the State is a derived power and in no sense original. In a coercive society the State may forcefully through its military might seize property and subject people to its power. But certainly the fact that the State forcefully seized property does not justify the act as moral. The property has been taken by force but it was taken from the original owners.

It is true the Bible states, "The powers that be are ordained of God," but the Bible also restricts this power to the bearing of the sword for the suppression of evil. It by no means implies that the State has any God-given authority to do evil itself or to seize the

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property of individuals for unjust purposes. It means simply that God has ordained that in this world of sin there should be an organization of individuals in a society for the purpose of restraining evil.

Ownership: The Right To Use

Ownership, which belongs originally to the individual, involves also the right to use according to the desires of the owner as long as that use does not interfere with the same rights of others. Restrictions on this use such as government regulations except for the purpose of protecting the same rights of others, is a seizing of a part of the ownership of the property. A taxing of the profits from free use of this private property, except for what is the proper function of government, also is a form of coercive seizing of wealth. It is a denial of the very basic right to private ownership of property; it is an acceptance of Marx's principle that society ought to own the means of production.

Profits are condemned by socialists as immoral. But actually without profits (interest and rent are also in this category, as all are income resulting from the economical use of land, money, tools, machinery, and labor) there can be no growing economy. Profits are vital to any economy, socialistic or capitalistic. Without them many of the present large population of the world would starve, for there must be an economical use of the resources in this world, both of material and labor. The price of a product must be greater than the costs of production or the economy will collapse. Even Marx cannot deny the absolute necessity of profits.

The question really revolves about who is to receive the profit—the owner or society. Marx recognizes the profit as necessary in a dynamic economy but desires that it go to society rather than the owner. Of course, if profits were really destroyed, the incentive to progress would be curbed, decapitalization begun, and poverty result. And if profits are dissipated instead of being wisely invested in the tools of production, an increasing poverty for all is bound to be the result.

Private Property and Free Exchange

Socialism appeals to the masses because of the natural sinful tendency on the part of man to covetousness and to a lack of understanding of economic facts. Karl Marx writes at great length of the exploitation of labor and the laboring man's right to the profits resulting to the owner from this labor. It seems ironical that today when about 85 per cent of

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the cost of making a product goes to labor, the laboring man through coercive unions and legislation is still seeking a greater share of the profits. The right to the fruit of our labor is granted, but this right is no more basic than the right to the fruit of ownership of any other form of property. Our ability to labor, think, or invent is a private possession; it is our private property. But the fruit of our inventions, labor, or savings in property and the tools of production is equally our private property.

The entrepreneur has the right to purchase freely and at a rate mutually agreeable to and advantageous to both, the labor power of an individual who chooses to sell his labor to another rather than use it entirely himself. Without this selling of labor and the specialization which demands it, there could be no progress or advance in the standard of living such as we have known in our day. Here again the right of private property involves not only the right freely to purchase the fruit of another's labor at a mutually agreeable price, but also to purchase his labor. The only moral restriction involved is the prohibition to harm the person involved. The individual who sells his labor is free to refuse to do the same but rather to reap the fruit of his individual labor for himself. Obviously, it is often to his advantage to sell his labor to another and both he and the entrepreneur profit. This is the very basis of a free society and besides provides the means for the most rapid progress and general prosperity for all.

The Labor Theory of Value

The value of a product according to Marx depends on the amount of labor involved. Hence, he says the profit results from "surplus value" of the laborer and should be his rather than the entrepreneur's. This theory of Marx has no basis in fact. The value of a product depends upon the view of the buyer. He will pay for it what he subjectively deems it worth to meet his own needs and for his personal satisfaction. If he finds more satisfaction elsewhere, he will refuse to buy and the price must fall, the product be produced cheaper, or the business close. Labor has value as it produces products that satisfy the consumer, and hence in a free capitalist economy it is the consumer ultimately who determines the wage of the laborer and also what is to be produced. By demanding certain things and refusing others under capitalism, labor is shifted from uneconomical enterprises to where it produces products most in demand and hence the value of

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labor enhanced. This cannot happen under socialism where the State as the arm of society determines what is to be produced and what to be consumed, the wages paid, and the like.

To argue as Marx does that value adheres primarily to labor alone is to deny the obvious fact that property, wealth, and machines play as important a part in profits as does labor. If private property is wrong and all profits ought to be the property of the society, why should the laborer receive the fruit of his labor? Should not his labor also be the property of society and not of himself? Consistency with his basic principles should lead to this conclusion. There can be no effecting of socialism which seeks to control the production and distribution of goods apart from a control of labor. But the basic principles of Marx which demand that goods and the means of production be communally owned ought also to require that what Marx considers the main source of this production, labor power, also be communal property. Unless this element in production is under the direct and absolute control of the State, there can be no socialism. The result of labor itself being the property of the State would be slavery.

Marx, on the other hand, argues that the laborer is not receiving personally all the fruit of his labor under capitalism. Labor power is certainly an important item in production but if socialism were consistent with its principles, it would have to require that this very personal property become the property of society. As a matter of fact, under socialism the State does control the labor power of the individual; it must control his whole life. This is the logical outworking of the views of Karl Marx but by no means stated as such. The mass slave labor in communist China today well illustrates the results of a more consistent application of the principles of socialism.

Capital Needed under Any System

The use of the expression "income without work" or "unearned income" is misleading. It is a term used to cast a blot on capitalism but this "unearned income" is just as essential to a socialistic society as to a capitalistic one. Produce is the fruit of labor, brains, tools, raw material. No one item is more vital than another. In a simple economy an individual may provide the capital investment of land, a plow, other tools, seed, along with the plans and manual labor and then consume the fruit of his labor himself. In a complex economy working as it must under

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division of labor, the capital for tools of production is no less important and no less private property than the labor of the worker. Like the labor, it too is subject to a return, a profit or a loss, to the fruit of its use. This "unearned income" must exist also under socialism, for without the use of capital for tools the economy will die.

The problem is not one of unearned income, of receiving income without work as Marx and his followers put it. It is the problem of what to do with this income, of what to do for that matter with all property and its income. The socialist makes an entirely artificial separation of labor from the other elements in production. Capitalism, consistent with Christianity, says that the fruit of labor or of capital invested in tools, lands, or other property should go to the owners of the same. They are his to spend, invest, or use as he deems best as long as by so doing he does not do evil to others. Only thus can the economy expand and the well-being of all be best served. When, instead, this income goes to the State, experience ought to have taught us long ago that much of it will be wasted and decapitalization will set in, resulting in increasing poverty.

Socialism — A False Religion

Socialism stands condemned as opposed to Christianity. It defies the laws of God and hence is bound to result in chaos, war, and poverty. Likewise, internally it falls apart, for it is founded upon an unproven false assumption and is full of internal contradiction. It is a false religion. If it succeeds, Christianity will not. But when enough people recognize the fact that its basic principles are in open defiance of God's law and invalid, socialism will no longer be the menace to our existence that it is today.

Capitalism, on the other hand, based as it is on the primary right to private ownership of property and its free use without interference from the State except when its use involves evil and interference with the same liberty of others, is the system that is in accord with Christianity. It is the system clearly demonstrated to effect the greatest well-being of all, the poor as well as the rich. While this is not to say that capitalism will make men moral — only the power of the Gospel can do that — yet its basic principles serve best in this sinful world for the good of all and are in harmony with Christian ethics which must be the foundation of any stable society.

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CAPITAL *and* INTEREST

Eugen von Böhm-Bawerk and the discriminating reader

LUDWIG VON MISES

THE PUBLICATION of a new English-language translation of Böhm-Bawerk's monumental work on *Capital and Interest*[1] raises an important question. There is no doubt that Böhm-Bawerk's book is the most eminent contribution to modern economic theory. For every economist it is a must to study it most carefully and to scrutinize its content with the utmost care. A man not perfectly familiar with all the ideas advanced in these three volumes has no claim whatever to the appellation of an economist. But what about the general reader, the man who does not plan to specialize in economics because his strenuous involvement in his business or in his profession does not leave him the leisure to plunge into detailed economic analysis? What does this book mean to him?

To answer this question we have to take into account the role that economic problems play in present-day politics. All the political antagonisms and conflicts of our age turn on economic issues.

It has not always been so. In the sixteenth and seventeenth centuries the controversies that split the peoples of Western civilization into feuding parties were religious. Protestantism stood against Catholicism, and within the Protestant camp various interpretations of the Gospels begot discord. In the eighteenth century and in a great part of the nineteenth century constitutional conflicts prevailed in politics. The principles of royal absolutism and oligarchic government were resisted by liberalism (in the classical European meaning of the term) that advocated representative government. In those days a man who wanted to take an active part in

[1] In three volumes: I. *History and Critique of Interest Theories*, 512 pp.; II. *Positive Theory of Capital*, 480 pp.; III. *Further Essays on Capital and Interest*, 256 pp.; South Holland, Illinois: Libertarian Press; $25.00 the set.

The Austrian School of economics, in the final quarter of the nineteenth century, showed the cost or labor theory of value to be untenable and advanced instead the free market or subjective or marginal utility theory. Consumers determine prices, according to their evaluation of an article as compared with other goods, and the consequent decision to buy or to use a substitute. This is individual liberty in its economic aspect, and it is the cornerstone of a free society.

Ludwig von Mises, Visiting Professor of Economics at New York University, is by general consent the leading exponent of the Austrian School—an established master of his subject, ranking among the greatest names in the discipline.

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the great issues of his age had to study seriously the matter of these controversies. The sermons and the books of the theologians of the age of the Reformation were not reserved to esoteric circles of specialists. They were eagerly absorbed by the whole educated public. Later the writings of the foremost advocates of freedom were read by all those who were not fully engrossed in the petty affairs of their daily routine. Only boors neglected to inform themselves about the great problems that agitated the minds of their contemporaries.

In our age the conflict between economic freedom as represented in the market economy and totalitarian government omnipotence as realized by socialism is the paramount matter. All political controversies refer to these economic problems. Only the study of economics can tell a man what all these conflicts mean. Nothing can be known about such matters as inflation, economic crises, unemployment, unionism, protectionism, taxation, economic controls, and all similar issues, that does not involve and presuppose economic analysis. All the arguments advanced in favor of or against the market economy and its opposites, interventionism or socialism (communism), are of an economic character. A man who talks about these problems without having acquainted himself with the fundamental ideas of economic theory is simply a babbler who parrot-like repeats what he has picked up incidentally from other fellows who are not better informed than he himself. A citizen who casts his ballot without having to the best of his abilities studied as much economics as he can fails in his civic duties. He neglects using in the appropriate way the power that his citizenship has conferred upon him in giving him the right to vote.

Fundamental Political Issues Interpreted

Now there is no better method to introduce a man to economic problems than that provided by the books of the great economists. And certainly Böhm-Bawerk is one of the greatest of them. His voluminous treatise is the royal road to an understanding of the fundamental political issues of our age.

The general reader should start with the second volume in which Böhm analyzes the essence of saving and capital accumulation and the role capital goods play in the process of production. Especially important is the third book of this second volume; it deals with the determination of value and prices. Only then should the reader turn to the first volume that gives a critical history of all the doctrines

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advanced on the source of interest and profit by earlier authors. In this historical review the most important part is the chapter that analyzes the so-called exploitation-doctrines, first of all the doctrine that Karl Marx developed in his *Das Kapital,* the Koran of all Marxians. The refutation of Marx's labor theory of value is perhaps the most interesting, at any rate the politically most momentous chapter of Böhm's contribution.

The third volume consists of fourteen brilliant essays in which Böhm-Bawerk deals with various objections raised against the validity of his theory.

The new translation was made by Professor Hans Sennholz, the chairman of the department of economics at Grove City College, and by Mr. George D. Huncke. Mr. Frederick Nymeyer is to be credited with the initiative to make the whole work of Böhm-Bawerk accessible to the English-reading public. The hitherto only available translation is obsolete as it was made from the first edition of the treatise which consisted only of two volumes. The new translation gives the full text of the revised and considerably enlarged third edition which Böhm-Bawerk completed a few weeks before his premature death in 1914.

A book of the size and the profundity of *Capital and Interest* is not easy reading. But the effort bestowed upon it pays very well. It will stimulate the reader to look upon political problems not from the point of view of the superficial slogans resorted to in electoral campaigns but with full awareness of their meaning and their consequences for the survival of our civilization.

Although Böhm-Bawerk's great opus is "mere theory" and abstains from any practical application, it is the most powerful intellectual weapon in the great struggle of the Western way of life against the destructionism of Soviet barbarism. • • •

IDEAS ON LIBERTY

Capital Depletion

TODAY the federal government goes into the red at a rate of 10 to 15 billion dollars and covers all or part of this deficit with new money.... What are the inevitable effects of such federal government deficits and inflationary methods of government financing? The most important although least perceptible effect is the *loss and consumption of capital.*

HANS F. SENNHOLZ, *Inflation Ahead*

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VICTIMS OF STATISTICAL ILLUSION

THE SUBJECT of sociology, as is evident in recent books, is in a bad way. In one direction, it tends to get lost in the illusion that statistics, sorted by the punch card method, can explain anything. In another direction, it gets hopelessly mired in some of the most horrifying gobbledygook that it is possible to imagine.

As an example of the statistical illusion, there is Vance Packard's recent *The Status Seekers* (McKay, 384 pp., $4.00), which seeks to establish the notion that people do things only to emphasize their individual worth in the eyes of the neighbors. One buys a house, not to live in, or because it is near a good school, but to flaunt to the outside world. Cars are not for travel; they are for display. Food is not to eat; it is bought, cooked, and served primarily to indicate one's income bracket. And so on.

Well, it is incontestable that some people do some things for show, but in any neighborhood you will find scores of different people doing the same things for entirely different reasons. Punch cards which tabulate income statistics or job levels or whatever "objective" fact, are powerless to get at the startlingly variegated truth about any body of people.

As for gobbledygook, pick up almost any modern book on sociology and try it for yourself. In a piece of alleged prose by one of our more original sociologists, David Riesman, I find this:

> "The politician needs contact with a great variety of spheres of life if he is to have empathy with the problems of the voiceless as well as the noisy among his constituents (the private and sheltered person, too, can find in politics a way of acculturation to the gamut of cultures which our society still encapsulates despite in some respects growing uniformity)."

Translation: Politicians must get around if they want to know what their constituents are thinking. Even those not in politics can learn a lot about the still ex-

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isting variety of our increasingly uniform society if they study the subject.

"Abstracted Empiricism"

C. Wright Mills, a Columbia University sociologist, thinks it is a paucity of imagination that afflicts his colleagues. In a brilliant book called *The Sociological Imagination* (Oxford, 300 pp., $6.00), Professor Mills lashes out at the "grand theorists" of modern sociology for their "irrelevant ponderosities" and their "splendid lack of intelligibility." He also attacks the "abstracted empiricism" of those who succumb to the statistical illusion. The "grand theorists" use "sponge words" and indulge in "mandarin rubbish." As for the "abstracted empiricists," they think they have proved something startling when, by counting noses, they demonstrate that rich people tend to vote Republican. In other words, it's news to an empiricist when a dog bites a man.

Professor Mills has a refreshingly down-to-earth way of outlining the nature of sociology. The sociologist, he says, must begin with "biographies" – i.e., with individual people. Individuals, he notes, have troubles – and when individual troubles exhibit a uniformity of content and outline within a given group or class, it is time for the sociologist to get out his notebook for some field work. Sociology, so Professor Mills concludes, is what results when "biographies" join in significant numbers to "intersect history" within a given structure of social and political organization.

According to the Mills prescription, the good sociologist will avoid "fetishism of method and technique," he will concentrate on clear statement, he will keep his eyes open to the varieties of individuality, he will avoid concentration on "one small milieu after another," he will distrust all "official" explanations, and he will always seek to isolate the "pivots of change" as "biographies" combine to surge against traditional ways of doing things. Above all, Professor Mills warns the fledgling sociologist against being rigid about procedure. He is against the "ascendancy of research teams of technicians." The "classic sociologist" has always done his best work as "one mind that is on its own confronting the problems of man and society."

A Trap for the Unwary

Since Professor Mills writes so well about the uses of the "sociological imagination," a reviewer is irresistibly impelled to test the author's precepts against his previous practice. Mills's best-known work, *The Power Elite* (Oxford),

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asks a lot of relevant questions about top-level decision-making in the age of the atom bomb and the Cold War. But in checking *The Power Elite* against the warnings set forth in *The Sociological Imagination,* one is disconcerted to discover that Professor Mills is himself victimized by the statistical illusion.

Mills relies too much on the adding machine in putting together his "biographies" to arrive at his idea of the dimensions of "the power élite." Who and what constitutes this "élite"? According to Mills, it consists of the remnants of the old "metropolitan 400," the new "corporate rich," the chief executives, the "celebrities," the "very rich" (including the descendants of the "old rich" who have hung onto estates), the "warlords," and the "political directorate" (mainly administrative). Congress itself consists of politicians who, as elected officials, are mainly on the "middle levels of power."

The Role of Ideas

The trouble with this sort of analysis is that it ignores the role played by ideas in pushing social transformation. No doubt classes and occupation or status groups explain a lot about "who gets what, when" in this materialistic world. But it is ideas, not statistical groups, which create the "pivots of change" which Professor Mills has counseled his students to understand. Ideas are born, they struggle for acceptance, they divide classes and even families internally, they give shape to a whole epoch regardless of the social structure of a nation, and then they fade away. True enough, social ideas usually bear some original relationship to the troubles of individuals caught in a malfunctioning economic and political structure. Nevertheless, they tend to take on a life of their own – and they may have no actual curative value in reference to the problems that are crying for solution at any given moment.

With his eyes on a statistical aggregate, Professor Mills thinks the "corporate rich" and the "warlords" are somehow in league to promote a "rampant mindlessness" in contemporary foreign policy. He is impressed by the lack of debate of great issues in Congress and in the country generally. This "mindlessness," he says, goes back to the late thirties, when a few "insiders" made the decisions that involved the U.S. in World War II.

The Academic Scribbler

But was it and is it "mindlessness" – as practiced by a "power élite" – that has resulted in the

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cataclysmic political decisions of the present epoch? Or is it the triumph of an idea – the idea of collectivism? Successful in Soviet Russia, collectivism has resulted in the practical barbarization and militarization of a great nation precisely as Herbert Spencer, an older social scientist who had the "sociological imagination," predicted it would. To save ourselves from possible engulfment by the Soviet military power, we have had to call in the "warlords" and to spend tax money for military equipment manufactured in plants owned by the "corporate rich." The villain in the piece is not any "power élite" of generals, admirals, and corporation executives. No, the villain is none other than that old "academic scribbler," Karl Marx. He started it back in the eighteen-forties with an idea that was compounded of a false theory of value and an envious spleen. It is as John Maynard Keynes (who ought to know) has said: The movement of ideas is more powerful than institutions, and the supposedly decisive politician of today is usually in the grip of some dead intellectual of yesterday who heard voices in the air.

In *The Power Elite,* Professor Mills ignores the "academic scribbler." He ignores John Maynard Keynes's own grip on whole college departments which have provided the Washington, D.C., "political directorate" with ideas that have hitched our economy to a collectivistic and highly inflationary pap-wagon. He ignores the "Prussian socialism" that turned a great nation in the heart of Europe into a collectivist war machine. He ignores the bearded scribbler of the British Museum who blended Hegelian thinking about the role of the State with Robespierre's trust in the creativeness of social insurrectionism.

And so, in spite of his own brilliant advice to young sociologists and his own brilliant phrasemaking about the "slow bureaucratic crawl" and the "obscurantist bunk of public relations," Professor Mills ends up among the "abstracted empiricists," a victim of the statistical illusion. • • •

The Naked Communist

By W. Cleon Skousen. Salt Lake City, Utah: The Ensign Publishing Co. 343 pp. $6.00.

THIS is an outstanding volume on the rise and spread of communism from a revolutionary sect to an empire embracing a third of the world's people, plus conspiratorial activities among the remaining two-thirds. The author, a lawyer, is presently Chief of Police in Salt Lake City; formerly, he was a

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professor at Brigham Young University and an F.B.I. agent.

Quoting extensively from original sources – the writings of Marx, Lenin, Stalin, and other Red leaders, as well as the documented testimony given before Congressional Investigating Committees – the author outlines in a systematic, step-by-step presentation the dangers confronting the free world. His book is one of the clearest and most comprehensive works on communism known to this reviewer.

The conspiratorial movement is lucidly recounted, giving the student a digest of its historical development and nutshell biographies of communism's leaders.

The communist philosophy, with its theories of nature, the origin of life, and the place of mind; its account of the derivation and significance of religion, morals, private property, and the State; its interpretation of history in terms of the "class struggle," and the plan of action with "Dictatorship of the Proletariat in the Classless Society" are simply, concisely, and yet comprehensively catalogued – along with a devastating critique of communism's untenable materialism.

The story of communism's rise to power in Russia; its exploitation of world problems; its rise in the United States; its activity, technique, and tactics before, during, and after World War II, including the China and Korea debacles; its association with the UN; its current "Party Line," are dealt with factually and readably.

The final section of the volume devotes a chapter each to five vitally important questions:

1. What do the defenders of communism say?
2. How does a people build a free nation?
3. What is free enterprise capitalism?
4. Did the early Christians practice communism?
3. What is the secret weapon of communism?

This book is a veritable encyclopedia of communism in one brief volume. It is well indexed and contains an extensive bibliography.

AUGUST W. BRUSTAT

A Guide to Anti-Communist Action

By Anthony T. Bouscaren. Chicago, Illinois: Henry Regnery Company. 244 pp. $4.00.

DR. BOUSCAREN, a professor of Political Science at Marquette University, has served up a double portion: a handbook for the initiated anticommunist and a primer for those who have the convictions but are in dire need of knowledge about communism in theory and practice. In addition, he reprints

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seven notable papers bearing upon his subject by such experts as John Foster Dulles, David Sarnoff, and Hanson Baldwin.

Bouscaren makes it clear that the battle for men's minds is every bit as important as the missile program. As it stands now, anticommunists are losing the vital battle for the mind to the opposition because we have failed to be as dedicated, forceful, and articulate in defense of our way of life as they have in defense of theirs.

The author is disturbed by the double standard and great inconsistency of American liberals who were quick to denounce Nazi tyranny but have found it difficult to admit that communism belongs in the same category. Consequently, we have witnessed the rise of a new species, the anti-anticommunists who regard anticommunism as a greater threat to America than communism.

Dr. Bouscaren tells who some of these people are; and on the positive side, he appends a recommended list of organizations, books, periodicals, columnists, and commentators. BRAD LEE

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THE BOOKMAILER, Box 101, New York 14

Congress and the American Tradition

By James Burnham. Chicago, Illinois: Henry Regnery Co. 363 pp. $6.50.

THIS BOOK is distinguished in two ways. Even at a time when good writing is one of the casualties of the "liberal" debacle, it is good writing; even at a time when calm logic seems lost in the hypnosis of mass manias, it is calm and logical. Burnham knows Latin, which is one of the lost bases of style, and he loves noble rhetoric. Thus his book delights the artistic mind and has that lost validity which comes from saying beautifully what you see clearly. And, though he has a positive philosophy, he engages in no special pleading, no grinding of literary axes, no manhandling of reality in the Procrustean bed of theory. The book is what art ought to be and generally isn't. It is what science ought to be but seldom is.

Burnham divides his exploration of Congress into three parts. He studies the American system of government and the place of Congress therein; he explores the present decline of Congress; and he probes the present decline for a prognosis of future demise—or recovery. In all these he combines two things in happy synthesis: a comprehensive, often startlingly original, understanding of history;

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a penetrating ability to trace emerging patterns of political evolution. Here is a masterly mind that can both grasp facts and interpret truth.

Burnham knows that *tradition* is not convention, but a living, organic mode of health. The "liberal," who does all things ill, sees "progress" in terms of the rolling ball that "no question makes of Ayes or Noes": but all genuine advance is that of the *root* that can grow because it is forever bound by its own life and love. Burnham sees tradition as an organic pattern – the abiding, and therefore growing root. He sees the vital organism developing a valid pattern: growing ever in the cumulative direction of its own entelechy.

He distinguishes what he calls two conflicting "syndromes," the *conservative* and the *progressive* (which has come to be called the "liberal"). He prefers the conservative – but he is fair to both. He traces the designs of the Founding Fathers, the true American tradition, which was to combine in valid tension a government strong enough to act but not strong enough to usurp. He casts new light on the famous "checks and balances," and is especially noteworthy in his emphasis on the individual states. He well says: "Even in laws, the states, in spite of practical inconveniences and logical confusion, are stubbornly unlike. . . . The states are realities that can be seen and felt – still seen and felt – by one who travels widely over our land. They look and smell different." He writes vividly of the contrast of "the stretching horizon of Montana" and "the closed scenes of Connecticut." He sees Congress, in this pattern of diffusion and balance, as important because it represents the power to hesitate, to examine, to discuss, to shed the light of criticism rather than to generate the warmth of action.

Decline and Fall of Congress

In the center of the book, Burnham discusses the decline and fall of Congress from its former high estate to its present robes of sorrow. One of his most startling, original, and valuable insights is his revelation that our present bureaucracy *has developed into a fourth branch of government.* The Founding Fathers never foresaw this. Burnham shows how this immense, toxic, calamitous spider, bureaucracy, has spun its webs around Congress till it hardly needs to use its poison on so silk-bound a victim. He points out the "arrogance of the bureaucrat toward Congress." He shows how, in relation to the bureaucracy, to the executive, to the judiciary, Congress, through conformity that

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stems from lethargy or cowardice, has gradually allowed its freedom and function to be usurped or paralyzed. He makes clear a very important fact: that, in private and as individuals, members of Congress will be clear in criticizing and firm in opposing, yet when it comes to a public vote, they will weaken and obey. Congress has lost its power to criticize largely because government has grown so vast that the individual too often abdicates his principles because he is dizzied by a spate of details; partly, too, because the Executive and the bureaucracy have become arrogant and bossy. Thus, Congress has largely lost control of the purse, the sword, the making of treaties, the declaration of war, and has even been curtailed in its most vital power – the power to *investigate.*

The "theoretical gravediggers" of "liberalism" have used their power over communications to gnaw and nibble at Congress. Internal weakness – timidity, conformity, fear to use its own true function, the desire to live like politicians rather than to die (if necessary) as statesmen, have weakened Congress from within. External attack from the "liberal" Procrustes, stretching out or hacking off natural reality to conform it to its own rigid dogmatism of fantastic theory, has weakened Congress from without. But the external enemy has triumphed largely because of the internal weakness: the will to live (which always means the courage to live dangerously) has ebbed. Congress, which should have been proud and inexorable in fulfilling its own function, has grown mousey. If it continues its will-to-death, it seems fated to end not with a bang but a whimper.

Conditions for Survival

Will Congress survive? Burnham asks the question in the last third of the book. He asks: "Will Congress survive? We must reply that it is not probable on the evidence; possible, of course, but not probable." Yet, he nobly adds: "But it is nowhere decreed that men must submit to impersonal trends, no matter how well established. Let us shift the question somewhat, and ask, not, Will Congress survive? but, What are the conditions for its survival?"

What are the conditions? First, beyond men and in the Providences of God, there is luck or fortune. But much more, there is wisdom and destiny – in the Aristolelian sense of entelechy. What should Congress do? It should not (and cannot) investigate *all* the *factual details* of a question, such as: "*How much* aid should go to Lilliput or Brobdingnag? *How much*

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subsidy should be allocated to men with one leg? And so forth and so on, *ad nauseam*. Rather, it should decide on *principles*, on *philosophy*: Shall government go into private business? Is the United Nations serving our national interest? Shall the teaching of science be subsidized by the national purse? This insight is as wise as it is brilliant.

Burnham sums up the need for Congress thus: "To keep their political liberty, Americans must keep and cherish their Congress. They will keep neither unless they want liberty more than any other political value . . . the choice of liberty, made for us at the nation's beginning by the Founding Fathers, is now up for review on the national as on the world arena. Is it really true that men can learn the value of liberty only by losing it?"

This lucid, cogent, fair, beautifully written book shows anew why the "liberals" are the straw men, the hollow men, leaning together. They are no longer, in the root and noble sense, *liberal*: this book has all the virtue that once was their basis and boast: it is clear, it is fair, it is intelligent, it is bold. "Liberalism" could never write so fine a book. For "liberalism" today is the dead yesterday that men forgot to bury; conservatism, as this book proves, is the absolute and eternal sun that alone can bring the renewal that is tomorrow's sunrise.

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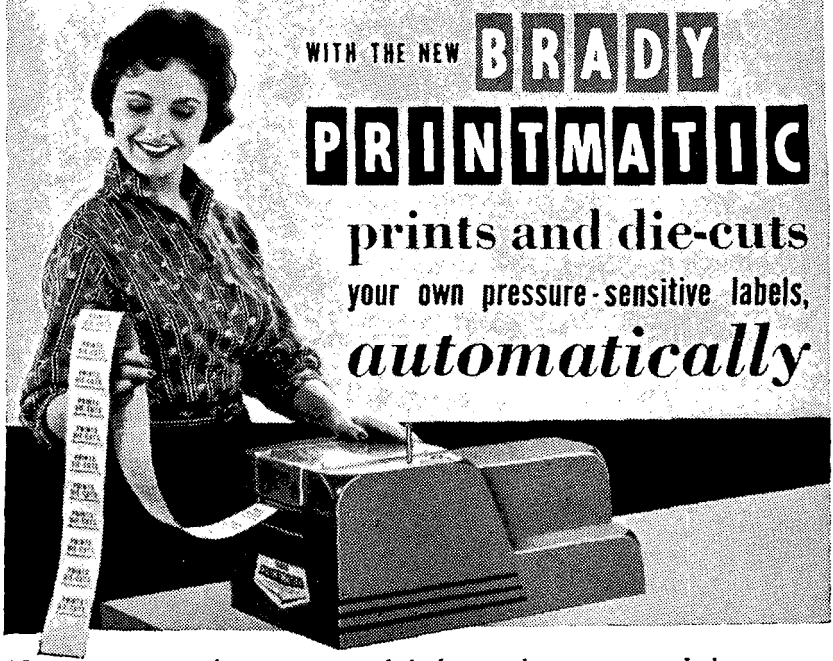

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MEMO ON PRIVATE ENTERPRISE

No. 9 in a series

". . . more business activity by Government . . . means less business by private enterprise"

Public versus private ownership and operation of transportation enterprises is the real issue in proposals now before the 86th Congress to increase the size and weight limits of the taxpayer-subsidized parcel post system, the Senate Post Office Subcommittee was told in June.

William B. Johnson, President of Railway Express Agency, said the 120-year-old nationwide express business could not survive the dire economic and competitive effects of a Senate bill, S.1306. It would increase from 20 to 70 pounds the weight of individual parcel post packages moving by mail between most first class post office cities in competition with privately-owned common carriers. The average weight per piece of express, he noted, is only 26 pounds.

"The principle of more business activity by Government," Mr. Johnson asserted, "carries the result of less business by private enterprise."

"It is hoped," he said, "the Congress will not put the Government further into the transportation business for the benefit of businessmen who subscribe to private enterprise but do not wish to pay their way under it."

It was noted that the parcel post shippers seeking to expand the Government service currently are opposing the Postmaster General's request to the Interstate Commerce Commission to wipe out the $100.8 million parcel post deficit. It does not include some $65 million in parcel post costs paid by other Government departments and likewise borne by the taxpayers for the benefit of the commercial parcel post users.

"Self-interest," Mr. Johnson observed, "is, of course, a first law of life, but we urge that the Subcommittee critically scrutinize the advocacy of an expanded Government service when the advocates are so vigorously endeavoring to prevent adjustments in the money-losing rates for even the *present* service."

His reasonable request was that the Agency not be made to suffer any new Government competition and that all parcel post costs be included in the parcel post rate-making base.

For a free copy of the informative booklet, "The Truth About Parcel Post," address the Public Relations Division,

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A PRIVATE ENTERPRISE IN THE PUBLIC SERVICE

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THE DAY'S DEMAND

God give us men! A time like this demands
Strong minds, great hearts, true faith, and ready hands;

Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;

Men who possess opinions and a will;
Men who have honor; men who will not lie;

Men who can stand before a demagogue
And damn his treacherous flatteries without winking;

Tall men, sun-crowned, who live above the fog
In public duty and in private thinking;

For while the rabble, with their thumb-worn creeds,
Their large profession and their little deeds,

Mingle in selfish strife, lo! Freedom weeps,
Wrong rules the land, and waiting Justice sleeps.

JOSIAH G. HOLLAND
1819 - 1881

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